

## Dubcek Backs Calls For Resignation of Prague Leadership

Compiled by Our Staff From Dispatches  
**PRAGUE** — Alexander Dubcek, the progressive Communist Party leader who was deposed in the Soviet-led Warsaw Pact invasion of Czechoslovakia 21 years ago, declared Wednesday that he supported the demands of a new dissident group that the Communist leadership resign.  
More than 250,000 Czechoslovaks demonstrated in Prague against Communist rule, hailing the leading opposition figure, Vaclav Havel, who declared that the protesters had come together "to take control of our country." The protest was the sixth in as many days.  
State television reported that the party's Central Committee was to hold an extraordinary session Friday. It gave no details of the agenda, but a spokesman said earlier that the meeting would respond to the growing political unrest.  
In a message read out to the Prague protesters by a prominent human rights activist, Mr. Dubcek said that he supported "all the demands of the Civic Forum, especially the resignation of all officials linked to the Soviet invasion." Civic Forum, formed on Sunday, is an umbrella organization for opposition groups.  
Mr. Dubcek specified that Milos Jakes, the Communist Party leader, was among those who should resign. In 1968, Mr. Jakes held several senior party posts.  
The activist who read the message, Vencel Silhan, told the crowd in Wenceslas Square that Mr. Dubcek hoped "to greet you here personally as soon as possible."

Mr. Dubcek, 67, who has lived in official obscurity since he was deposed after the August 1968 invasion, did speak to a rally in Bratislava, the capital of Slovakia and his hometown, in his first public address since his "Prague Spring" liberalization drive was crushed.

Mr. Dubcek spoke for eight minutes to 2,000 protesters who had gathered outside the courthouse where a Roman Catholic human rights activist, Jan Cernogorsky, went on trial for sedition. State-run television, for the first time in years, showed Mr. Dubcek briefly as he attended the court session.

He told those outside the courthouse that Czechoslovakia's problems could only be solved in an atmosphere of calm, and he urged the protesters to remain peaceful.

The protesters applauded and cheered enthusiastically as Mr. Dubcek emerged from the court building. A half dozen police officers stood around him but did not move to silence the man who had spent much of the last two decades working as an inspector for the Forestry Department in Bratislava.

Some protesters appeared disappointed in the mild tone of Mr. Dubcek's words. "We were rather embarrassed because it had been such a heated atmosphere," said a psychologist from Bratislava.

When a man in the crowd shouted that Mr. Dubcek was an opportunist, the deposed leader appeared disturbed and replied, "I just came to defend the truth." He was then handed a bouquet of flowers, and

See PRAGUE, Page 7



Rescue workers and a policeman evacuating a wounded man from the site of the explosion in Beirut.

## Motorcade Bomb Attack Kills Lebanese President

### Explosion Slays 17 Others and Wounds 36

By Nora Boustany  
Washington Post Service

**BEIRUT** — President René Moawad was assassinated Wednesday, 17 days after his election, when a huge explosion detonated by remote control ripped through his motorcade as he left a government house reception in Syrian-controlled West Beirut on Lebanon's independence day.

The charge, estimated at 250 kilograms (550 pounds) of explosive material and packed into a small shop by the side of the road facing the Beirut state prison, mutilated the president's body beyond recognition, witnesses said. His armored light blue Mercedes was turned into jagged and charred metal.

Seventeen other persons were killed in the blast, 10 of them Mr. Moawad's security guards, including four Syrian soldiers. The explosion wounded 36 others.

The blast dug a huge crater and tore down the outside wall of a nearby school. It shattered glass across a 500-meter (1,100-foot) radius in the Sanayeh district. Police men shot into the air to clear traffic as Mr. Moawad's chief of security searched through the victims. He was able to identify the president only from his wallet and papers.

The death of Mr. Moawad, 64, the second killing of a newly elected head of state in seven years, capped a crisis between him and Major General Michel Aoun, the powerful Christian army commander, who has refused to step down as the prime minister of a Christian military cabinet. President-elect Bashir Gemayel died in an explosion at Phalange Party headquarters on Sept. 14, 1982.

Hundreds of Lebanese were fleeing Beirut in expectation of a new wave of fighting. A UN source in southern Lebanon, speaking anonymously, said most went to UN-controlled areas along the coast. Shortly after the assassination,

the prime minister-designate, Selim Hoss, mourned Mr. Moawad, calling him "the martyr of Lebanese unity, the martyr of Arabism, national and humanitarian values."

President George Bush denounced the killing and pledged continued assistance for efforts to end Lebanon's 14-year civil war. "It is a disgraceful performance and is condemned by the United States of America," Mr. Bush said. "However, we must not let this brutal killing stand in the way of trying to bring peace to the troubled corner of the world."

He offered U.S. help "to bring these killers to justice."

In a cable to the Lebanese speaker of the National Assembly and to the prime minister, President Hafez Assad of Syria said the slaying should serve as "a new motive for increased support and backing to

Lebanon to enable the country to eliminate evil in its nest."

"The criminals," he said, "sought in their crime to ruin Lebanon's unity and prolong the suffering of the Lebanese people."

The Syrian news agency SANA said the killing of Mr. Moawad, a Maronite Christian, came after "a series of threats issued by Michel Aoun who rebelled against the legal Lebanese government."

The Syrian-backed National Front, a coalition of Muslim and leftist leaders, charged General Aoun's army with responsibility.

In New York, the Arab League's representative at the United Nations, Clovis Maksoud of Lebanon, called the assassination "a cruel interruption" of national consolidation in Lebanon. But he said "it is not a breakdown" and urged the election of a new president.

A statement released by General Aoun's cabinet after it met in emergency session called the killing "an odious crime." The radio station he controls called the attack a "a booby trap for the Lebanese" that was inherent in an Arab peace plan for the country.

Mr. Moawad's death comes as a heavy blow to an Arab peace process for Lebanon, favored by Saudi Arabia, Algeria and Morocco. Their efforts culminated in an accord on a national charter and Mr. Moawad's subsequent election.

General Aoun had refused to recognize Mr. Moawad's election and described the charter as "an act of treason and an Arab failure," insisting that it legitimized Syria's military presence in Lebanon.

The army chief, who commands 15,000 troops in Christian areas and support among Lebanese police squads and junior soldiers and officers, said in an address to the nation Tuesday night that his problem was "not with Moawad but with the Syrian occupiers."



Mr. Moawad reviewing troops Wednesday just before his death.

## East Germany Proposes Talks With Opposition

By Jackson Diehl  
Washington Post Service

**EAST BERLIN** — East Germany's Communist Party proposed Wednesday to hold roundtable talks with opposition groups to prepare for free elections and constitutional changes in an initiative that appeared modeled on the political negotiations in Poland and Hungary earlier this year.

A brief statement issued by the official news agency ADN said that the party Politburo had proposed that the Communists and the five other parties in the governing coalition convene a meeting with "other political forces in the country."

In addition, the Politburo member responsible for state security said his party's guaranteed monopoly on power was unfair and should be relinquished. The Associated Press reported. The Politburo member, Wolfgang Herzer, said the "dogmatic, distorted model of the political system should be

changed in theory as well as practice."

Though the official statement did not specify a date for the talks or which groups were meant, the invitation appeared addressed to the New Forum movement and other dissident groups that have been at the forefront of mass demonstrations around the country during the past two months.

Despite the recent opening of East Germany's border to the West and a host of promises for reform, the Communist leadership under Erwin Krenz and Prime Minister Hans Modrow has been unable to stem the huge popular protests, in which calls for free elections and an end to party rule have predominated.

Like the Polish and Hungarian parties before them, the East German Communists now apparently hope to restore stability to the country by fashioning a reform program that the party and opposition can jointly support.

Poland's roundtable talks concluded last April with an agreement that legalized the Solidarity movement and set the stage for the elections that eventually brought a Solidarity-led government to power. In Hungary, the Communists and opposition groups agreed to hold free parliamentary elections in 1990.

In East Germany, Rainer Eppelmann, spokesman for Democratic Awakening, was quoted by The Associated Press as saying he was hoping the discussions proposed by the Communists would lead to a "grand coalition" of political reform. But he said his group had not yet been invited.

The agency also quoted a spokeswoman for New Forum, Elke Gintner, saying, "We have wanted to talk to the Communist Party for years. And there certainly are enough things to talk about."

The Communist Party congress, called by Mr. Krenz under strong pressure from the party rank and

file, is expected to carry out a far-reaching purge of the policy-making central committee. Mr. Krenz, a target of protests both in and outside the party, is expected to be challenged himself.

However, during a visit to an East Berlin factory on Wednesday, Mr. Krenz made clear that he intends to fight to hold on to his position. "I didn't take over to push for change just for four weeks," the party leader told workers at the huge Bergmann-Borsig heavy machinery factory, according to ADN.

While espousing the cause of reform, Mr. Krenz, a longtime protégé of the deposed party leader, Erich Honecker, has clung to positions that have placed him well behind the demands of East Germans in the street and reformers in the party.

On Wednesday, he asserted that the party would retain its control over the country's factories, a position strongly at odds with that of

the parties in the government coalition.

Mr. Krenz also said that the party would not allow itself to be pushed "up against the wall" by the growing opposition. He said the party congress must debate the responsibility of Communist leaders for the current situation, but warned against "prejudgment." A parliamentary committee already is considering criminal charges against Mr. Honecker and his inner circle.

Manfred Gerlach, the leader of the Liberal Democratic party, which is part of the present government coalition, said at a press conference here that a new law regulating elections should be put to a public referendum next year, with free elections following.

A poll released earlier this week by a West German magazine showed that if elections were held now, the Communists would place third behind New Forum and the Liberal Democrats.

## Klosk 2 EC Proposals Are Assailed

**STRASBOURG, France** (Reuters) — The European Parliament threatened Wednesday to block progress toward a single market in 1992 unless the EC Commission came up with a better plan to protect the rights of workers.

The assembly voted to demand a tougher stand on the Social Charter and the action program, which have been criticized for dropping minimum wage provisions and failing to include retired people and the disabled.

The charter and action program, which are to be submitted to EC leaders next month, were weakened by the commission to try to secure the support of all 12 EC governments. Britain is still against the plan.

**General News**  
Leningrad's party leader was removed in an ongoing Soviet Communist shake-up. Page 2.

Congress approved a deficit-reduction bill that includes new taxes. Page 3.

Deng Xiaoping has warned Chinese leaders against the Gorbachev doctrine. Page 2.

Nicaragua has broken off cease-fire talks in Washington with the contras. Page 5.

**Business/Finance**  
Avon Products will sell its Parfums Stern subsidiary to a unit of Sanofi. Page 19.

**Crossword** Page 25.  
**Weather** Page 2.

**Dow Jones** The Dollar in New York.

DM 1.815  
Up 1.587  
Yen 143.30  
FF 6.1835

## The Street: Brokers Are Up Against Wall

By Sarah Bartlett  
New York Times Service

**NEW YORK** — These are nervous days on Wall Street. As cutbacks mount, more and more investment bankers, brokers and office workers face the year-end prospect of sharply lower incomes or no jobs at all.

The recent round of cutbacks at leading investment houses like Shearson Lehman Hutton Inc. and Drexel Burnham Lambert Inc. is not just a belt-tightening exercise.

It represents a fundamental realignment on Wall Street, one that is likely to result in investment houses being smaller, more specialized and more humble in their aims.

(Merrill Lynch & Co. said Wednesday in a letter to its employees that it would restructure — and probably lay off staff — because of intensified competition, industry over-capacity and increasing risks, Reuters reported from New York.)

(Merrill said it had started a

comprehensive strategic examination of all its businesses, with five main objectives: further improving profitability of businesses performing adequately or exceptionally well, restructuring or eliminating areas with unacceptable returns, further reducing operating costs, placing even greater controls over new commitments of resources and modifying pay-for-performance to conform to these new objectives.

(Merrill also said it would be investing in other areas. It said its profitability as measured by return on equity was still not adequate despite steps taken over the past few years.)

Some companies, Wall Street executives and analysts said, would pare back costly operations, like vast networks of local brokerage offices catering to individual investors across America and international outposts in many countries. Other companies could drop out of certain securities businesses.

Today's retrenchment is driven  
See RETRENCH, Page 21



U.S. Army Green Berets made their getaway from a San Salvador hotel on Wednesday shortly after rebels ended their siege.

## U.S. Troops Exit Hotel in San Salvador

The Associated Press

**SAN SALVADOR** — A group of U.S. Army Green Berets left a luxury hotel in the capital on Wednesday after leftist guerrillas abandoned their 28-hour siege of the building and fled.

The soldiers left a hotel annex when Salvadoran security forces outside assured them the rebels were no longer in the area. The soldiers ran, crouched, carrying M-16s and grenades on their belts, to police pickup trucks that sped off with them.

Reports from El Salvador varied on the number of soldiers trapped overnight in the building, but a U.S. official in Washington said there were 12.

President George Bush said later that a unit of army's elite Delta Force commandos had been sent to El Salvador and "liberated" the hotel.  
See SIEGE, Page 7

## From Siberia, a Stoic View in Face of Hardships

By Bill Keller  
New York Times Service

**TYUMEN, U.S.S.R.** — In the shoe-box apartment of Yuri and Lyubov Volkov, the color television screen was filled with an unblinking, big-brotherly close-up of a popular hypnotist, Anatoli Kashpirovsky.

"This is a painful time in our life," the soothing voice said over a shimmer of violins. "But it is passing. Everything will be all right. Be patient. Do not lose hope."

The young, college-educated couple drank in the hypnotist's droning comfort. It is now part of their routine for coping with two children in a one-room, hotplate-in-the-bathroom apartment, with rising prices and a slimmer selection of almost everything, with a future that does not compare with what they now know of the West.

"Some people say if we have another year

or two like this there will be a revolution," Mr. Volkov, a 29-year-old environmental zoologist, said after the television seance ended. "But I don't think so. People know that it will take five or 10 years for perestroika to have any real effect. It's not pleasant, but there is no other way."

At the start of the fifth winter of the social experiment that President Mikhail S. Gorbachev calls perestroika, or restructuring, the most surprising impression of a four-day visit to the Siberian city is that while life is even grimmer than in Moscow, most people seem to be muddling patiently through.

"We have less hysteria here than in Moscow," said Sergei V. Vasiliev, a young independent elected to represent Tyumen in the Soviet parliament. "There, the intellectuals sit around the kitchen drinking brandy and frightening each other. Here people really

understand the situation in the country. Here they also talk about civil war, it is true, but nobody is ready to fight."

Tyumen, like much of the Soviet Union, is a portrait of urban shabbiness, and by most accounts Mr. Gorbachev has done little to arrest decline.

The city, with 550,000 residents, is a white-collar administrative center for the vast oil and gas fields of northwest Siberia, and thus is spared the sooty skies of more heavily industrial cities. Its factories make shop scales, engine blocks and construction materials.

In the center, neglected wooden houses, many with the ornately carved window frames of old Russia, have been sadly shouldered aside by concrete-slab buildings with a look of instant decay.

Like the Volkovs, young Soviet families

can expect to spend the early part of their married lives crowded into a single room.

Their most realistic aspiration is life in one of the grubby prefabricated housing developments that ring the city center. From these stark suburbs, the residents of Tyumen ride to work, swaddled in thick coats and stuffed into hunching buses with foggy windows.

By Soviet standards, the high rises offer desirable housing — two or three bedrooms, low rent — and a family that gets in after a 10-year wait is unlikely to ever move again.

Immobilized by the scarcity of housing, reluctant to start on a new waiting list in a new city, many people accept jobs outside their specialty in order to stay put. The housing shortage is thus not just an inconvenience.

See SIBERIA, Page 7

## New Coffee Finding Points The Finger at Percolators

The Associated Press

**BOSTON** — People who steep or percolate their coffee risk raising their cholesterol level while those who use filter coffee makers do not, a study suggests.

The findings were presented by Dr. Dietrich E. Grobbee of Erasmus University Medical School in the Netherlands.

Last week a report presented at the annual meeting of the American Heart Association fingered decaffeinated coffee as the cholesterol villain.

percolating coffee, still used by 20 percent of American coffee drinkers. People who used this method for nine weeks had a 10-percent rise in their cholesterol levels.

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# For East German Couple, a Future Doesn't Mean Emigration

By Henry Kamm  
New York Times Service

ERFURT, East Germany — The young man with a crew cut and his fiancée held hands at a restaurant table that they shared with a foreigner and, love overcoming timidity, hugged each other and giggled happily while they studied the lunch menu.

"It's hard not to see each other for six weeks," he explained when she left the table briefly. "I'm a soldier here. She had to get up at 4:30 this morning in Karl-Marx-Stadt, and at 6 this evening she has to take the train back."

"I should really be in uniform," he said, "but I guess it doesn't matter now."

Nowadays East Germans put a special emphasis on the word "now," as if between yesterday and today their whole lives had been altered.

The young couple regretted that they had been too late to attend the Sunday rally for democracy on the main square of this capital of the Thuringia region. Of course soldiers can and do attend such meetings, he said. "I also go to church," he added. Yes, in uniform.

They said they wished they had enough

time together to join the three million East Germans who once again streamed across the border between the two Germanys for weekend visits. They have never been there, they said, but there is no hurry, the borders will stay open. Soldiers are allowed to go, he said. "We were really surprised when that was announced."

"What is happening here can't be turned back," he said, and she agreed. What is new in their lives? the foreigner asked. "We have a future," the young woman, a physical therapist, replied.

"A future here," he added. Yes, they said, they had thought of leaving for West Germany. "Everybody has been thinking about it," he said.

"And a lot of people are gone," the therapist added. "People where I work and many others. But now, after the turnabout, they are not leaving anymore. Maybe some will start coming back."

"Funny, a few weeks ago I wouldn't have talked the way we do now," the soldier mused. "And now it's quite natural. It was always natural with friends who knew each other, but not with strangers, especially from the Federal Republic."

Learning that the stranger was not West German but American, the couple looked at each other and burst out laughing in

**They have never been to West Germany, they said, but there is no hurry, the borders will stay open. Soldiers are allowed to go, he said. 'We were really surprised when that was announced.'**

wonderment at what they said was something that never happened to them before.

"But now everything is possible," she said, and both looked pleased. Politically, the therapist said, East Germany is now a free country. "We say what we want and to whom we want," her fiancé said.

Not all is as it should be, he continued,

as if to compensate for his euphoria. "What's happening should make the world more peaceful, but I'm told the English are stepping up rearmament by mounting medium-range missiles on planes, cleverly contravening the treaties," he said. "And the Republicans in West Germany are very strong," he said, referring to a far-right party.

"Maybe they would be strong here, too," the therapist said. "A lot of people here don't like foreigners, just like the fascists over there."

The foreigners who are unpopular, they said, are students, especially from Arab and African countries, who show off their foreign currency and deal on the black market, as well as Mozambican and Cuban workers who have been sent here to make up for a chronic labor shortage.

There are also many Polish black-market traders and Vietnamese workers who, the therapist said, have discovered that by feigning illness one can be excused from work for weeks and then use the time to sew jeans and sell them at high prices.

They ordered the most expensive things on the menu, including bird-nest soup for the young woman. "It's not that we eat like that every day," the soldier said, as if to apologize for unearned luxury. Their pay is very low, they said.

"I earned a lot more as a building worker, without a specialized education, than she does after three years of school learning a difficult profession," the soldier said.

They said East Germany's economic problems would be much harder to solve than the political ones. "It's only now that we are learning how bad our situation is, and we don't know all of it yet," the therapist said. "We have been told so many lies," the soldier added.

The couple agreed that, bad as the economic situation might be, it was far better than Poland's.

"Maybe that's because we made our revolution after working hours," the young woman said, voicing a widespread pride that East Germans have succeeded, unlike other Communist countries, in producing political upheaval without hampering economic production.

## Leningrad Party Chief Loses Post in Continuing Shake-Up

Compiled by Our Staff From Dispatches

MOSCOW — The Communist Party leader in Leningrad, the Soviet Union's second-largest city, has been removed, the party newspaper Pravda reported Wednesday, a day after the Moscow party chief was relieved of his post in the capital.

The new Leningrad city chief is Boris V. Gidaspov, who was named regional party leader in Leningrad in July after local Communists suffered embarrassing defeats at the polls. Pravda said that he would retain the regional post to head a unified party structure.

In the city post Mr. Gidaspov replaces Anatoli Gerasimov, who was reportedly defeated in the elections to the new Congress of People's Deputies in March.

Pravda said that the Leningrad party, meeting to adopt a platform for coming local elections, voted Tuesday to give Mr. Gidaspov both posts for "greater flexibility and to eliminate unneeded parallelism."

The shift at the top of the powerful Leningrad organization appeared aimed at wooing voters before the local elections take place.

The move in Leningrad came a day after the party organization in Moscow replaced its leader, Lev N. Zaikov, of the Politburo.

Party spokesmen sought to portray that shift as a promotion. Mr. Zaikov, who oversees military organization in his Politburo post, is to become first deputy chairman of the Soviet Defense Council, a national security body chaired by

President Mikhail S. Gorbachev. In July, Mr. Gidaspov replaced Yuri F. Soloviyov, who then was the Leningrad regional party leader and a candidate, or nonvoting member, of the Politburo.

Mr. Soloviyov had been defeated in the March elections despite running unopposed. In contrast, Mr. Gidaspov proved popular at the polls and was named regional party chief in an attempt to restore the Leningrad leadership's authority.

Local party organizations will face local elections over the next several months and are trying to restructure to avoid a repetition of the defeats they suffered in March.

Mr. Zaikov's replacement in Moscow, Yuri Prokofyev, pledged to work with all progressive forces, Pravda said, suggesting that he would pay more attention to the demands of radical Communists and independent groups.

(Reuters, AP, AFP)

### 4 Million Need Aid in Ethiopia

ADDIS ABABA, Ethiopia — A United Nations official said on Wednesday that four million people in drought-ravaged northern Ethiopia would need emergency food aid next year, twice the number previously thought.

"Unless adequate and urgent preparations to meet the emergency are made by the international donor community, the prospect of a repeat of the 1984 situation in which over a million people per-

ished due to famine is very real," David Morton, of the World Food Program, said.

Last month, the organization appealed for 242,000 tons of food aid for Eritrea and Tigre provinces next year, saying that more than 1.7 million people faced starvation after failure of their crops. On Wednesday, the European Economic Community pledged emergency aid of 30,000 tons in grain and 500 tons in milk powder.

### Strike in Azerbaijan

Workers held a one-day strike Wednesday in the Soviet republic of Azerbaijan in a campaign to end Moscow's rule of the disputed Nagorno-Karabakh Autonomous Region, Reuters reported, quoting a spokesman for the strikers.

Ninety percent of enterprises in Baku, the Azerbaijani capital, and many in other areas stopped work, said the spokesman, Fuad Agayev, of the Azerbaijani Popular Front.



A DETENTE SERENADE — President George Bush clapping hands Wednesday with a member of the Soviet Red Army Chorus at the White House. The chorus, on a North American tour, waved U.S. flags and sang "Shenandoah" for Mr. Bush as he left on a trip to Tennessee.

## Deng Is Said to Warn Against Gorbachev

By Daniel Southerland  
Washington Post Service

BEIJING — China's senior leader, Deng Xiaoping, has warned other Chinese leaders to guard against the infiltration from the Soviet Union of concepts for political change, according to a Communist Party source who is briefed on leadership meetings.

Mr. Deng declared in the comments that the Chinese media until June of this year had reported too widely on the political changes instituted by President Mikhail S. Gorbachev, and that the coverage of the Soviet leader's proposals had spread destabilizing ideas inside China, the source said.

"Deng feels that Gorbachev has become too influential," said the source, who works for a party-run organization.

According to the source, Mr. Deng asserted that the former Communist Party chief, Zhao Ziyang, patterned his actions after Mr. Gorbachev when Mr. Zhao sided with the students in the spring democracy movement.

In Mr. Deng's view, Mr. Zhao also attempted to adopt Mr. Gorbachev's methods in trying to force aging party conservatives from power.

Mr. Deng's own approach has been to try to counterbalance conservatives, or traditionalists, against progressives, leaving himself in a middle position as final arbiter.

Mr. Deng has credited aging party veterans, including some considered to be conservatives, with "saving China and the socialist system from turmoil" by helping to quell a "counterrevolutionary rebellion."

The source said that Mr. Deng made his views on the Soviet Union and Eastern Europe known in a meeting last month with a small number of senior officials.

The source confirmed that while the Chinese government publicly condemns Western nations for helping to instigate the democracy movement, the party leadership is actually more afraid of the influence that political developments in the Soviet Union and Eastern Europe might have on China.

In Mr. Deng's view, the source said, Mr. Gorbachev has been largely responsible for creating an atmosphere in which East Europeans could engage in dangerous departures from communism.

In Mr. Deng's view, much of what has happened in Eastern Europe recently—from the election of a non-Communist government in Poland to the crumbling of the Berlin Wall—has been a result of Mr. Gorbachev's influence combined with weak East European leadership.

In past talks with other Chinese leaders, Mr. Deng has deplored the "anarchy" in which East European leaders have made to their own self in a middle position as final arbiter.

Mr. Deng has credited aging party veterans, including some considered to be conservatives, with "saving China and the socialist system from turmoil" by helping to quell a "counterrevolutionary rebellion."

Some students said that they viewed Mr. Gorbachev as much more advanced in his thinking than Mr. Deng. Some went further and said that Mr. Gorbachev should serve as an example for Chinese leaders.

Although Chinese-Soviet trade relations continue to develop, Mr. Gorbachev has kept a certain distance from the Chinese leadership since the Chinese Army's crackdown in early June on the democracy movement. The Soviet Union failed to send a high-level delegation to China's national day celebration on Oct. 1.

China, in the meantime, has drawn closer to some of the most repressive Communist regimes, as yet unmarked by change, including North Korea and Romania.

President Kim Il Sung of North Korea made an unofficial visit to Beijing early this month, and concern about Eastern Europe was said to be a major subject for discussion.

China sent a high-level Politburo member, Qiao Shui, to Romania's party congress and reported Nicolae Ceausescu's views against change in a People's Daily inter-

view with the Romanian president. At the same time, Chinese authorities have been jamming broadcasts from the Voice of America and British Broadcasting Corp. on developments in Eastern Europe.

### Newspaper Coverage

Official Chinese newspapers, however, are beginning to give some coverage to the events, Reuters reported from Beijing, though that coverage is often couched in critical terms used for China's own suppressed democracy movement.

Guangming Daily, read mainly by Chinese intellectuals, reported Wednesday that more than 100,000 students and others had demonstrated in Prague on Monday, calling for "multiparty politics," "free elections" and "thorough reforms."

Shanghai's Evening News, with a much wider readership, put the figure at 200,000 in its Tuesday edition and said it demanded that Czechoslovak leader Milos Jakes resign.

Outlook, a weekly magazine, reported that East Germans were pouring into West Germany and holding nonstop demonstrations.

But Guangming Daily quoted the Czechoslovak authorities as describing the protesters as "anti-social elements."

Chinese state radio quoted the Prague government as saying "it was uneasy about activities that destroyed social order and broke confidence in socialism."



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### Thais Lift Ban On Asian Journal

The Associated Press

BANGKOK — The police have lifted a ban on local distribution of the Asian Wall Street Journal after the editor said he regretted any misunderstanding caused by an article on Buddhist monks, the police said Wednesday.

The Thai police chief, Sawang Thirathawat, lifted the five-day-old ban on the Hong Kong-based business daily on Tuesday.

The Committee to Protect Journalists, a private U.S. group, sent a message Friday to Prime Minister Chatichai Choonavan expressing concern over the ban as well as threatened action against the Far Eastern Economic Review for an article it published on prostitution and tourism in Thailand.

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## 35 Killed as India Vote Starts

By Barbara Crossette  
New York Times Service

NEW DELHI — As voting began in a national election that will determine the political future of Prime Minister Rajiv Gandhi, opposition politicians asserted Wednesday that gangs backed by the ruling party were disrupting voting in Mr. Gandhi's own constituency, where independent witnesses also said they had seen police officers stuffing ballot boxes.

About 35 people died and several dozen were injured in election-related violence around the country, according to early reports.

Rajmohan Gandhi, a grandson of Mohandas K. Gandhi, who is opposing the prime minister in his home constituency of Amethi, in Uttar Pradesh State, was roughed up by police officers when he attempted to investigate ballot-box stuffing. The opposition Janata Dal Party headquarters in the area was ransacked Tuesday night, aides to Rajmohan Gandhi said.

The reputation of fair, democratic elections in India and the independence and impartiality of

the Election Commission are at stake in Amethi," Dinesh Goswami, spokesman of the National Front opposition coalition said Wednesday. In New Delhi, the Election Commission said it had requested a report from election officials in the region.

The allegations were not mentioned on government-controlled television and radio news.

Uttar Pradesh was one of 15 states and five federal territories where voting took place Wednesday amid scattered reports of violence and vote-rigging. A second round of voting takes place Friday, with the final round on Sunday, when ballots will begin to be counted.

The ruling Congress (I) Party also made allegations of vote-tampering, naming two constituencies in Haryana, where an opposition state government is in power. The Congress (I) spokesman, Anand Sharma, said seven people had been killed in violence in Haryana.

In Andhra Pradesh, another opposition-controlled state, election officials threw out ballots from 125

polling stations and called for new voting on Friday. The officials said that unnamed politicians had snatched voting papers and ballot boxes.

Voter turnout was moderate in many areas, including in the capital, where a rightist opposition party, the Bahariya Janata Party, is expected to take a majority of the seven seats being contested. The party is not part of the National Front, the major opposition coalition led by Vishwanath Pratap Singh.

Thousands complained in the capital that voters' names were missing from election rolls.

Among those who said they were denied ballots were 1,500 students from Jawaharlal Nehru University. Most of them would have been voting for the first time, as the voting age was lowered this year from 21 to 18.

In other areas of the city, however, young people were present in large numbers in lines outside polling booths. Women were also voting in strength in many precincts.

## WORLD BRIEFS

### Far-Right Gains in Danish Elections

COPENHAGEN (AP) — The Conservative Party slipped badly in local elections while the far-right Progress Party, campaigning for lower taxes and stricter immigration laws, scored the biggest gains, according to official results announced Wednesday.

In voting Tuesday, about 5,100 candidates were elected to sit on Denmark's 275 communal or municipal councils and on the 14 county councils.

Prime Minister Poul Schluter's Conservatives dropped 5.5 percent of the nationwide vote from the 20 percent they polled in 1985; their partners in the governing center-right coalition, the Liberals and Social Democrats, registered only minor changes. Meanwhile the Progress Party, upped its share from 2.3 percent to 6.9 percent and gained 25 local mandates.

### Ukrainian Church Ban May Be Lifted

MOSCOW (Reuters) — A Soviet government official suggested Wednesday that Moscow was about to recognize the banned Ukrainian Catholic Church and said that its members were already working without harassment.

Deputy Foreign Minister Anatoli Adamishin said that a solution to the Ukrainian Catholic problem, which requires the approval of the Russian Orthodox Church, would be resolved in a new law on religion.

Recognition of the Ukrainian church, which was banned under Stalin in 1946, is a major stumbling block in relations between Moscow and the Vatican. The issue is expected to dominate talks from President Mikhail S. Gorbachev meets with Pope John Paul II at the Vatican on Dec. 1.

### Basques Protest Slaying of Politician

BILBAO, Spain (Reuters) — Protesters set fire to banks, blocked main roads and clashed with the police Wednesday as the body of a murdered separatist politician was brought home to Spain's northern Basque country. Seven demonstrators were arrested.

Several thousand people chanting anti-government slogans were at the Bilbao town hall when the coffin of Jose Muguruza, who was killed by unidentified gunmen Monday night at a Madrid restaurant where he and other Basque members of parliament were eating.

His party, Herri Batasuna, which is widely seen as the political arm of the Basque separatist movement, called a one-day general strike in the region to protest the attack, in which another legislator, Inaki Etxebarria, was seriously wounded.

### Iran-Contra Financier Arranges Plea

WASHINGTON (NYT) — Albert Hakim, the financial organizer in the Iran-contra affair, has pleaded guilty to a single misdemeanor charge of helping to supplement the salary of Oliver L. North by providing a \$13,800 security system for his home.

U.S. District Judge Gerhard A. Gesell accepted the plea bargain arrangement Tuesday after rejecting a detailed version of the settlement. He seemed especially bothered by a provision that would have permitted Mr. Hakim to retain certain appeal rights despite his admission of guilt.

In exchange for Mr. Hakim's guilty plea, the prosecution agreed to drop five felony charges against him, which included conspiracy, wire fraud, theft of government property and two charges related to offering illegal gifts. In pleading guilty to the misdemeanor, Mr. Hakim faces a maximum penalty of a year in prison and a fine of \$100,000.

### South Korean Leader Visits Budapest

BUDAPEST (Reuters) — President Roh Tae Woo arrived in Hungary on Wednesday. It is the first visit to Eastern Europe by a South Korean head of state.

Accompanied by three ministers, his chief of staff, 27 businessmen and his wife, Roh Ok Suk, Mr. Roh was welcomed at the Budapest airport by President Matyas Szurocs, the news agency MTI reported. On the second stop of a four-nation European tour, Mr. Roh will hold talks with Mr. Szurocs, Prime Minister Miklos Nemeth and Reszo Nyers, leader of the Socialist Party that was founded as a successor to the Communist Party last month.

Mr. Roh flew into Budapest from West Germany and will visit Britain and France after resting in Switzerland over the weekend.

### Peru Opens Ties With North Korea

LIMA (Reuters) — Peru established full diplomatic relations with North Korea, the Foreign Ministry announced, despite objections of Peruvian rightist opposition leaders who accused North Korea of exporting terrorism.

Mario Vargas Llosa, the novelist and center-right presidential candidate, criticized the government's decision to establish ties with what he called "a government that exports terrorism" and said the move would hurt Peruvian relations with Seoul.

The ministry announced Tuesday that the two countries had established full diplomatic relations. President Alan Garcia Perez, defending the decision, said Peru was showing "ideological independence and sovereignty" by setting up ties with Pyongyang.

### For the Record

The United Nations General Assembly has selected Thorvald Stoltenberg, the former Norwegian foreign minister, to be the UN High Commissioner for Refugees, replacing Jean-Marie Hocke of Switzerland, who resigned in October amid allegations of fiscal impropriety. (A77)

King Hassan II of Morocco postponed for at least two years elections scheduled for September in hopes that the disputed Western Sahara will be able to join the bidding. The king also called on the United Nations to speed up plans to hold a referendum in the territory to determine if residents wish to live under Moroccan rule. (A7)

## TRAVEL UPDATE

### EC Seeks Private Use of Rail System

STRASBOURG, France — The European Community unveiled a plan Wednesday to allow private trains on national railroad tracks in the nation.

The EC transport commissioner, Karel van Miert, said that the plan, which must be approved by EC transport ministers, would exploit unused capacity on track run by national rail monopolies. This measure, he said, would allow a Dutch tour operator to carry tourists from Paris to Pisa on private trains using the French and Italian rail networks. The plan has provoked opposition from the rail networks.

In another development, six transport ministers meeting in The Hague agreed Tuesday on a timetable to establish a high-speed train network connecting cities in Belgium, Britain, France, Luxembourg, the Netherlands and West Germany by 1998.

A bill that bans smoking on virtually all domestic commercial flights was signed by President George Bush on Tuesday and will take effect in 90 days. The ban replaces a prohibition against smoking on flights of two hours or less.

## WEATHER

EUROPE				ASIA			
	HIGH	LOW	COND.		HIGH	LOW	COND.
Amsterdam	57	43	F	Bangkok	86	72	T
Athens	77	63	F	Beijing	63	49	F
Berlin	63	49	F	Hong Kong	86	72	T
Bombay	86	72	T	Kobe	63	49	F
Buenos Aires	77	63	F	Manila	86	72	T
Calcutta	86	72	T	New Delhi	86	72	T
Cairo	77	63	F	Shanghai	63	49	F
Canton	86	72	T	Seoul	63	49	F
Chongqing	86	72	T	Taipei	86	72	T
Cebu	86	72	T	Tokyo	63	49	F
Colon	86	72	T				
Dacca	86	72	T				
Daham	86	72	T				
Dhaka	86	72	T				
Edinburgh	86	72	T				
Frankfurt	86	72	T				
Geneva	86	72	T				
Hankow	86	72	T				
Hong Kong	86	72	T				
Kobe	86	72	T				
London	86	72	T				
Los Angeles	86	72	T				
Lyons	86	72	T				
Madrid	86	72	T				
Moscow	86	72	T				
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Nagasaki	86	72	T				
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Singapore	86	72	T				
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## Congress Approves Budget Bill, Then Adjourns

By Tom Kenworthy

WASHINGTON — Congress, concluding a frenetic and unfulfilling session, approved a \$14.7 billion deficit-reduction bill early Wednesday that relies heavily on budgetary gimmicks, new taxes and the automatic, across-the-board spending cuts that have been in force since Oct. 1.

Despite President George Bush's campaign pledge not to raise taxes and pledges by legislators to end the automatic spending cuts, the measure was accepted by the administration and by congressional leaders in a closed bargaining session that ended early Wednesday.

The House passed the bill on a 272-to-128 vote, and the Senate followed on a voice vote. Then the first session of the 101st Congress was adjourned.

The deficit-reduction legislation

would comply with a requirement that the federal deficit for the fiscal year that began Oct. 1 be less than \$110 billion. According to preliminary projections, the measure would lower the deficit to about \$103 billion.

But more than a third of the package, \$4.6 billion, is an acknowledgment of failure, according to critics. Those savings come from extending for 130 days the automatic spending cuts imposed under the Gramm-Rudman-Holings balanced budget law.

The cuts, originally designed to ensure that Congress and the White House would take action to meet annual deficit targets, have been in force since the government missed its Oct. 1 deadline. Under the bill, the cuts would be lifted after the first week of February.

The cuts affect a wide range of domestic and military programs, but under the agreement their im-

pact will be felt most directly by the disabled and elderly Americans who receive health benefits under the Medicare program. Those benefits have been cut by 2 percent since mid-October, a reduction that would not be made up.

At least \$2.9 billion of the deficit reduction is to come from tax increases and tightening tax breaks.

As Congress neared adjournment, both chambers voted to repeal a 1983 law protecting Medicare beneficiaries against costs of catastrophic illnesses.

One lingering dispute involved what may be the only lasting hallmark of the budget bill: a radical revision in the Medicare system for reimbursing physicians. It is expected to redirect medical practice away from expensive diagnostic and surgical procedures and toward primary and preventive care. Intense negotiations preserved the physician payment revision, which

also would set annual targets for total federal spending on Medicare physician services.

Final enactment of the so-called budget reconciliation bill was the last major piece of legislative business standing between Congress and an unusually early adjournment in a non-election year.

Congressional budget leaders praised the bill as a considerable accomplishment given the lack of consensus between a Republican administration and a Democratic-controlled Congress.

The chairman of the Senate Budget Committee, Jim Sasser, Democrat of Tennessee, called it "not exactly a thing of beauty" but "a solid deficit-reduction package."

The director of the Office of Management and Budget, Richard G. Darman, said the measure had been improved substantially since Mr. Bush threatened a veto earlier

this month and argued that the deficit problem had been "stabilized" as the government headed toward tougher deficit targets next year.

But critics said that Congress, with the administration as a willing partner, had produced only another monument to the fiscal gridlock that has bedeviled Washington through much of the 1980s.

The budget measure sprang from a bipartisan budget agreement reached in April between the administration and Congress. But the scope of that accord was limited by Mr. Bush's pledge to avoid a tax increase and a bargain to include spending cuts of dubious merit.

Although the White House recently has sought to capture the high ground by demanding that Congress enact "real" deficit reduction, it consented last spring to such devices as not including in the deficit projected losses by the U.S. Postal Service.

## Major Features of Deficit Reduction Bill

New York Times Service

Major features of the budget reconciliation bill adopted early Wednesday by Congress, which purports to cut the fiscal 1990 federal deficit.

- Across-the-board spending cuts in an array of domestic and military programs, triggered by the Gramm-Rudman-Holings budget law in October and to remain through the first week in February. Reductions of 1.5 percent to 1.6 percent in military spending and 1.7 percent to 1.9 percent in domestic spending. Programs like food stamps, Social Security and welfare benefits are excluded; Medicare reimbursements cut by 2 percent.
- Estimated savings in fiscal 1990: \$4.6 billion
- Reductions in other domestic programs.
- Estimated savings in fiscal 1990: \$4.5 billion
- Revenue increases, including loophole closings and new taxes on international airline and cruise ship tickets, ozone depleting chemicals and oil. Certain deferred compensation plans subject to Social Security tax.
- Estimated new revenues in fiscal 1990: \$2.9 billion
- Nine-month extension of expiring tax breaks for investors, employers, students and others.
- Estimated loss to Treasury in fiscal 1990: \$1.4 billion
- Expansion of Medicaid coverage for pregnant women, infants and young children.
- Estimated cost to Treasury in fiscal 1990: \$148 million
- Overhaul of Medicare physician reimbursement system.
- Budget impact in 1990: none

## Pentagon Savings Unlikely to Be Spent Elsewhere

By David E. Rosenbaum

WASHINGTON — The reduction in military spending being contemplated by the Bush administration will not provide much new money for domestic programs over the next several years, government officials and economists say.

"Many years from now, they say, the cuts could mean additional resources in such areas as education, child care and environmental protection. But for the time being, nearly all the money saved at the Pentagon must be used to reduce the federal deficit. In the next fiscal year alone, they say, the problem in meeting the deficit level required by law is so daunting that the relatively modest cut planned for the military will be little help."

"Let's not sell it short," said Robert D. Reischauer, the Con-

gressional Budget Office director, of the administration's long-term military plan. "It's very substantial. But we shouldn't look at this as providing us with the wherewithal to meet all our problems."

The budget director, Richard G. Darman, declined Tuesday to discuss the military cuts. But the problem of the deficit for fiscal 1991, which begins next Oct. 1, was "every bit as big as anyone has ever suggested it might be."

Defense Secretary Dick Cheney has directed the military services to identify ways that the Pentagon budget can be cut by \$180 billion below the expanded level the administration had originally planned for the fiscal years 1992-94. That would mean annual reductions averaging about 5 percent in those years after factoring in inflation.

The military budget for fiscal 1991 is now being put in final form.

Officials expect Pentagon spending to be cut by less than \$10 billion after accounting for inflation. That is less than one-fourth of the more than \$40 billion in budget reductions across the government that must be made to cut the deficit to the \$64 billion ceiling set by the balanced-budget law for the next fiscal year.

The gap can be closed by deeper military cuts — which are thought unlikely — by tax increases or by reducing domestic spending, or a combination of those.

The law requires the deficit to be cut further in succeeding fiscal years until the books are balanced in fiscal 1993.

Some scholars looking far down the road see an eventual shift from military to domestic spending as dramatic as the change after Ronald Reagan took office, when taxes and domestic spending were cut

and military expenditures mushroomed.

But most experts believe that prospect is barely on the horizon. "We're not talking about a fundamental realignment of government," said Charles L. Schultze, director of economic studies at the Brookings Institution, who was chairman of the Council of Economic Advisors in the Carter administration. "Most of the money must go for deficit reduction."

In Congress, a few conservatives like Senator Phil Gramm, Republican of Texas, believe that lower spending by the military should lead to tax reductions.

"I don't think the benefits from winning the Cold War should go to the government," he said.

Some liberals, mostly Democrats, would use the money to expand social programs immediately.

"It isn't communism that's threatening us," said Representative Charles B. Rangel, Democrat of New York. "It's our failure to deal with the problems of our cities."

But the prevailing view is that the deficit outranks all other problems.

"We've got a fire-breathing monster staring at us," said Representative Les AuCoin, Democrat of Oregon. "There's just not going to be much of a dividend here to be spent elsewhere."

Economists and government officials said the way the money was ultimately spent would depend in many respects on the political and economic climate.

If international tensions continued to ease, they said, more military cuts might be in the offing. A recession might necessitate more

spending on unemployment insurance and other social programs.

In any event, the actual money that would become available in any particular fiscal year from the Pentagon cuts is far from certain. In large part, it depends on what parts of the military budget are cut and when.

Military budgets are normally expressed in terms of the amount of money Congress allocates each year to the Pentagon. That "budget authority" is different from actual spending.

In some areas, like salaries and training, almost all the money is spent in the year that Congress makes it available. But in weapons procurement, for example, less than 15 percent of the money is typically spent in the approval year; the rest is spent over several years.

## Japan's Prime Minister Schedules Europe Trip

Reuters

TOKYO — Prime Minister Toshiki Kaifu will visit Europe from Jan. 8 to 15, the Kyodo News Service said on Wednesday.

The tour will include Poland, Hungary, West Germany, France, Italy and the European Community's headquarters in Brussels.

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## Freddie Waits, Percussionist, Dies

New York Times Service

NEW YORK — Freddie Dawud Waits, 49, a drummer known for his versatility, has died of pneumonia and renal failure in New York.

Frederick Waits was regarded by critics as an impressive artist. He said he thought of himself as a multipercussion instrumentalist.

Mr. Waits, who died Saturday, performed with numerous artists, including Ella Fitzgerald, Sonny Rollins, Freddie Hubbard, Johnny Hodges and Jackie McLean. As a young drummer, he worked in rhythm-and-blues groups and accompanied blues singers such as

Ivory Joe Hunter and Percy Mayfield.

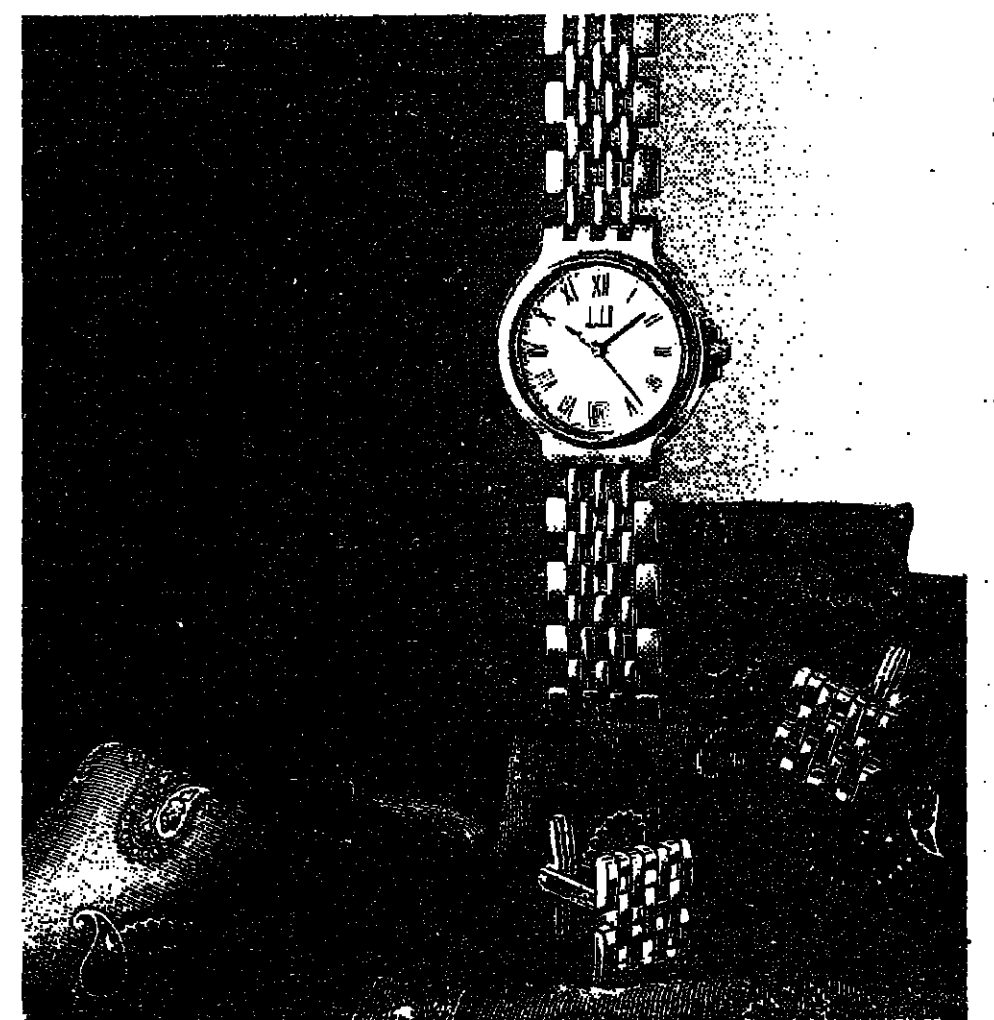
He moved to Detroit and became a house drummer for Motown Records, performing with the Temptations, Martha and the Vandellas and Stevie Wonder, among others. In New York, he worked with Little Willie John at Small's Paradise in Harlem. Later he was a member of the New York Jazz Set and a member of M'Boon, a percussion choir.

Other deaths: Michael John Jupp, 46, executive director of Defense for Children

International/USA, with headquarters in Washington, of a heart attack Saturday in Walton, New York.

Abdulla Jassem al-Shaker, 60, the consul general of Bahrain and its representative to the United Nations, of heart failure Tuesday in Elmhurst, New York City.

William Wister Halsey, 81, a novelist, playwright, and screenwriter whose best-known work, the play "Command Decision," was made into a 1949 movie starring Clark Gable, on Saturday, after suffering a cerebral hemorrhage in Laguna Niguel, California.



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# Herald Tribune

Published With The New York Times and The Washington Post

## Elections Come First

East Germany's leaders have promised elections. But the questions about those elections are still wide open — when, who can run and whether the rules will allow a non-Communist government to come to power.

The West Germans have begun to use their very considerable influence to push in the direction of real democracy. That was the central message the West German envoy carried from Bonn to East Berlin this week.

West Germany is prepared to provide substantial aid, but only if East Germany shows a clear and convincing commitment to reform, both economic and political. Political reform means genuine elections, reasonably soon, with no slippery qualifications about preserving the leading role of the Communist Party.

What about German reunification? If elections demonstrate that the majority of East Germans want it — and to demonstrate that clearly would probably require more than one election — the rest of Europe and the world, including the United States, is going to have to think carefully how best to accommodate it.

West Germany has stated categorically that it will not cut its ties with the other countries of Western Europe as the price of reunification. A unified Germany would not make much difference to the patterns of trade in the European Community. It was established at a time, a generation ago, when West Germany refused to acknowl-

edge the division of the country and, as a result, East German goods have the same access to the community as any other German goods — access for which other East-European countries yearn.

The military alliances, NATO and the Warsaw Pact, would be much harder to reconcile with a unified Germany. It is widely assumed that the Soviets would permit reunification only if the resulting Germany were to be neutral. But that assumption, some West Germans say, may be incorrect.

In NATO's integrated command structure, West Germany can act only in consensus with the Dutch, Italians, British and all the rest, not to mention the Americans. The Soviets might well find a united Germany, with its enormous financial and military resources, much more threatening if it were tied into no alliance. If this line of reasoning turns out to be correct, it is conceivable that Germany might eventually be unified within NATO. But that could happen only if the West first addressed Soviet security requirements in the new Europe that is now rapidly evolving.

Nothing can happen in this sequence until elections have established an effective democratic government in East Germany. If it is inclined to pursue reunification, there would have to be a sweeping revision of the European security system. Only then would reunification become a possibility.

— THE WASHINGTON POST

## Namibia's Wise Steps

After decades of domination by white-ruled South Africa, Namibia may now have a chance at lively pluralistic politics. The Namibian people did their part to assure that earlier this month by electing a constituent assembly in which no party has a majority big enough to impose its will.

The election outcome was a clear rejection of the idea of a one-party state. Sam Nujoma, who is likely to be Namibia's first head of state, appeared ambivalent about that last week. But when the assembly convened Tuesday in Windhoek, he wisely seemed to accept the people's decision.

Mr. Nujoma heads the South-West Africa People's Organization, which garnered 57 percent of the vote in the United Nations-supervised elections, the first ever in which the black majority could participate. SWAPO, the leading force for independence during the 23-year guerrilla war against South Africa's occupation, thus won 41 of 72 seats in the constituent assembly. That assures it the leading role in formulating the new government.

But the voters denied SWAPO the two-thirds majority that, under terms of the American-brokered independence plan, would have let it adopt a constitution on its

own. For now, SWAPO will need to engage its rivals politically instead of ignoring them. It will need to compromise and make alliances and coalitions. The benefit of that discipline could be a constitution that protects minority rights, whether racial or tribal, and respects the value of a loyal opposition.

During its long years in exile, the SWAPO leadership consistently called for a one-party state. It muted that position during the election campaign. And when the assembly convened, SWAPO came forward with a set of constitutional principles including multiparty democracy, an independent judiciary and a bill of rights.

That is an auspicious beginning for the new state. One-party rule has been a persistent and crippling illness in Africa since the independence era began 30 years ago. It has deprived would-be dissenters of a constructive outlet for their views and deprived their nations of the wisdom and energy they might have brought to government.

If there is any value in Namibia's long wait for freedom, it is that it can learn from others' mistakes. The Namibian people seem to have done so. Their leaders would be wise to respect the people's wisdom.

— THE NEW YORK TIMES

## Bush Vetoes the Crisis

As representative to the United Nations in 1973, George Bush wrote an enthusiastic foreword to a book titled "World Population Crisis: The U.S. Response."

After noting his family's early associations with Planned Parenthood and his own support for population programs in Congress, Mr. Bush had this to say about the importance of international family-planning efforts: "One fact is clear: In a world of nearly 4 billion people, with some 150 independent governments, myriad races, religions, tribes and other organizations, major world problems like population and environmental protection will have to be handled by large, complex organizations representing many nations and many points of view. Success in the population field, under United Nations leadership, may, in turn, determine whether we can resolve successfully the other great questions of peace, prosperity and individual rights that face the world."

How do these sentiments square with the president's recent veto of the foreign-aid appropriations bill because it contained \$15 million for the UN Population Fund?

The rationale is that the fund aids population-planning programs in China, which are coercive and lead to compulsory abortion. The Chinese deny that this is part of the government program; and, in any event, UN money in China has gone only for research, for the collection of demographic information and for improvements in the manufacture of contraceptives.

Nevertheless Congress, mindful of the

explosive nature of these charges, agreed to contribute to the fund only if the U.S. contribution were kept in a segregated account, with none of it used for any program in China or for any abortion-related service anywhere in the world.

In an attempt to avert a veto, Congress also added an amendment specifying that if any of these conditions were violated, the U.S. contribution was to be returned.

The veto does not accomplish anything useful in terms of affecting policy in China, but it does have a number of very harmful effects. It will reduce the amount of money available for birth-control programs in 120 poor countries. In Africa, for example, while the United States provides bilateral population assistance to about a dozen countries, the UN program operates in 40.

Now no American money will go to the international effort on that continent. Maternal and child-health programs in Latin America, birth-control education in Asia and efforts to improve the status of women in the Middle East will all be shortchanged.

So will research on contraceptives, training programs in demographics and information-sharing among the poorest nations. And instead of the rate of abortions worldwide being reduced, there is a very real possibility that it will rise in the absence of effective contraceptive programs.

This shortsighted veto is harmful to the developing world, unnecessary in terms of U.S. policy aims and at odds with everything President Bush once said he believed.

— THE WASHINGTON POST

## Other Comment

### The Pentagon Must Adjust

It is perhaps premature to administer last rites to the Cold War. But there is now little question that the massive Soviet military threat that U.S. defense planners have taken as a constant since the late 1940s can no longer be shouldered by a country whose external empire is disintegrating and whose internal empire is increasingly restive.

Domestic desperation has induced significant Soviet force reductions in Eastern Europe, and Mikhail Gorbachev seems in a hurry to dismantle much remaining Soviet military power via negotiation with NATO.

How will the Pentagon adjust to a receding Soviet threat? It clearly does not wish to. There was always something glamorous about planning for the big war in Europe.

compared to thinking about "dirty" and unconvincing small wars against "third-world" opponents in the Third World.

But the Pentagon cannot continue to allow its force structure, doctrines and weapons to be determined largely by a war that is never going to occur, at the expense of preparation for the very kinds of wars and violent actions that have engaged, and will continue to engage, U.S. military power.

Nostalgia for the relatively simple and easy defense choices during the Cold War has become an impediment to timely adjustment to a world in which non-Soviet threats to U.S. interests outside Europe constitute a more present danger than the prospect of Soviet tanks crossing the Elbe.

— Jeffrey Record, a fellow at the Hudson Institute, writing in The Baltimore Sun.

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## The UN Plan for Afghanistan Merits an Honest Try

By Selig S. Harrison

WASHINGTON — Despite a deepening military stalemate in Afghanistan and growing demoralization among Afghan resistance groups, the United States has blocked a promising new initiative by the United Nations to promote a political settlement of the war.

The Bush administration has asked for more time to step up military pressure on the communist regime in Kabul and to unify the Afghan guerrillas. But the U.S. bargaining position is steadily eroding. Kabul is increasingly impragmatic, factionalism in the resistance is growing and Soviet terms for a settlement are hardening.

President George Bush should seek an early agreement with President Mikhail Gorbachev to phase out superpower involvement in Afghanistan. Washington and Moscow should begin by negotiating a mutual termination of military aid to their clients to create the political climate necessary for a jointly supported UN peace effort.

When George Shultz, the former U.S. secretary of state, proposed a military aid cut-off in March 1988, shortly before the Geneva accords on Afghanistan, the Soviet Union rejected it. Ironically, by the time Moscow had changed its mind last November, Washington had reneged on its offer, confident that the regime of Major General Najib would collapse after the Soviet withdrawal in February.

The administration points out correctly that Moscow has escalated its aid to Kabul since the original U.S. cut-off proposal. But Soviet spokesmen have now offered to discuss withdrawing Soviet missiles, Su-25 fighter planes and other upgraded military hardware. The United States should actively test this offer, making clear its own readiness to halt the supply of weapons provided it is linked with moves toward a political settlement.

Administration officials have so far refused to discuss any form of aid cut-off with Moscow unless it is conditional on the removal of the Afghan Communist regime. The United States is rushing to resume military aid after a slowdown earlier this year in the illusory hope that protracted pressure will lead to an internal collapse in Kabul.

Instead of insisting on the prior removal of the Communist regime, the United States should seek an agreement to halt the flow of arms into Afghanistan. Such an accord would be concluded at the start of the UN peace effort, but would take effect only when an agreed stage of the peace process had been reached.

What the United Nations has in mind is a broad-based Afghan assembly that would embrace nationalist leaders who have shunned the so-called Afghan interim government in Peshawar. That government was set up with blatant manipulation of Pakistani intelligence services in February. The assembly proposed by the United Nations would include guer-

rilla field commanders inside Afghanistan, tribal elders, spokesmen of the Shia sect of Islam opposed to the Sunni-dominated Peshawar exile regime, and associates of the former monarch, King Zahir Shah.

While elements of the interim government would be invited to participate, they would not be assured of a dominant position. The implicit premise of the UN approach is that the interim government does not represent the majority of non-Communist Afghans and must be subsumed in a larger grouping before a meaningful dialogue with Kabul can begin.

How the delegation is to be chosen and what it would do is not the subject of intermittent diplomatic discussion. Representatives of Javier Pérez de Cuellar, the UN secretary general, and five countries singled out as the keys to a settlement in Afghanistan — the United States, the Soviet Union, Pakistan, Iran and Saudi Arabia.

The United Nations has suggested two formats: a group of perhaps 60 or a larger one of about 100, that would in turn choose an executive committee

of 10. In either case, it is the United Nations that would choose the Afghans involved after consultation with a period of months with governments of the five key countries and with a wide range of Afghan elements both in Peshawar and elsewhere.

Mr. Pérez de Cuellar has indicated that before proceeding he hopes to get a consensus of the five governments, including pledges of active support in the form of "incentives and disincentives." The United States and Pakistan are bristling at the implication that the interim government would be downgraded and the reluctant to encourage a process with an unpredictable outcome. At the same time, they want to avoid the appearance of overt opposition to the UN secretary general.

UN officials see several possible scenarios but would leave it to the Afghan assembly to decide on its own course of action. One way of proceeding would be for the United Nations to act as an intermediary between Kabul and the non-Communist delegation in indirect negotiations on a new government.

A more desirable course would be for the assembly to convene a Loi Jirga, a traditional Afghan assembly, that could involve up to 900 participants and include Communist representation on terms to be negotiated by the UN mediators.

A close adviser to Zahir Shah has proposed a Loi Jirga of 871 participants in which 68 would be chosen by Kabul. This was the opening exhibit in a bargaining process that might realistically end up with something like 150 Kabul delegates. Such an arrangement would clearly consign the governing People's Democratic Party to a marginal position in the transitional coalition government. But it would give Moscow what it needs to make a legitimate status for the governing Communist party in elections to be conducted by the interim regime.

Mr. Bush and Mr. Gorbachev can take concrete steps toward a peaceful resolution of the Afghan stalemate when they hold their summit meeting early next month.

The writer is a senior associate of the Carnegie Endowment for International Peace. He contributed this to the International Herald Tribune.

## This Machine Need Not Run Full Tilt

By John Kenneth Galbraith

CAMBRIDGE, Massachusetts — In these last days, the newspapers and television screens have dealt fully and with wonderment with what is happening in Europe and its meaning for Europeans. Let no one doubt that there will also be great and enduring effects on us, especially on our military establishment. This is a word of sympathy, counsel and guidance for that establishment in what promises to be a difficult time.

The difficulty, needless to say, is the evident end of any plausible case for believing in Soviet expansionism. And there is the reduction in the Soviet armed forces in Eastern Europe and at home.

From this comes a compelling thought: Is there any longer any serious likelihood of a Soviet armed thrust out of Eastern Germany to the West? Would the Polish or Hungarian divisions, for example — perhaps even the Bulgarian divisions — be really stalwart on the march?

To this are added earlier questions: Do the Soviets more than we yearn for the reciprocal destruction of a nuclear exchange? More distantly, in light of their own domestic economic trouble, could the Soviets really wish to take responsibility for running the highly sophisticated economy of Japan? If not, how necessary is the military umbrella we maintain at no slight cost over our distressingly effective competitor and rapidly emerging landlord?

I have no hope that the Pentagon

or, for that matter, the larger foreign policy and intelligence bureaucracy, will surrender easily to such conclusions. Defense Secretary Dick Cheney has asked for a list of possible reductions, but one cannot think that results will come easily.

Forty and more years of vested intellectual interest and bureaucratic commitment are involved and so, also, are a deep political resistance and a massive and widely distributed economic reward. The temptation will be to say, in the face of great change, that nothing has changed or to invent and deploy the requisite onanism.

This is not good. Americans pride themselves on being a down-to-earth, plain-speaking, forthright people who rise well above cant and evasion. Impulse in the foregoing effort could be an embarrassing element of fraud made worse by being both tedious and transparent. No friend of the men and women in the U.S. armed forces can welcome their association with this.

Let America rest the defense of its military establishment and its weapons industry on honest grounds, on simply established reality. For generations now, numerous military bases within the United States have been sustained not for their military need or purpose but because of their contribution to local employment, industry and community pride. The revolving door consultants at the Pentagon are motivated not by concern for the defense of the republic but by personal economic

interest and, in lesser measure, the economic interest of their clients.

So one must to the future. As the great changes proceed and the military effort becomes evident, let us not have a mendacious defense of our military budget and invented danger.

Let us have a forthright defense based openly on the contributions to employment, earnings, political appeal and bureaucratic stability. That is the honest course. In the tradition of Dwight D. Eisenhower, let us see the military power as having existence and justification in its own right, independent of military danger.

There is, however, one further thought that does obtrude. These last days in Europe have seen an extraordinary celebration of freedom, one in which we have joyously joined.

In keeping with our national commitment to down-to-earth truth, there is a domestic reality to which we should perhaps turn our thoughts. That is to the number of U.S. citizens who, not less than the East Germans in the past, are denied freedom.

Nothing more inhibits expression and personal liberty than oppressive, grinding poverty. Nothing so enforces silence unless it is literacy. Nothing so enhances freedom as some money. And in American cities, there are millions devoid of shelter, food, medical care and money who are so oppressed. No East German in pursuit of liberty would go wisely to the South Bronx.

Perhaps someday, as in East Berlin and Leipzig and our own cities in the past, America's deprived and now voiceless may also express their discontent. It would be an exercise in sensible conservative foresight to redirect some of the present military budget to serve urgent urban needs and enhance freedom at home.

The writer is a senior professor of economics at Harvard University. He contributed this comment to The New York Times.

## A Reborn Europe Is Nothing to Fear

By Dominique Moïsi

PARIS — As a process of democratization engulfs Eastern Europe, West Europeans are caught between elation and foreboding. A repetition of 1848 seems to be taking place before our eyes. What will be the nature of the new European order as the old one crumbles?

At least three readings of Europe's future are possible: optimism, skepticism and pessimism.

We optimists — some say dreamers — believe we are witnessing Europe's rebirth. A 75-year period is ending as Europe emerges from a long, dark tunnel created by its near suicide of 1914, repeated in 1939.

Europe's renaissance is made possible by the historical encounter between the superpower fatigue that has been produced and accelerated by the arms race and European integration itself. The European Community not only was the key to the reconstruction of Western Europe, but has become a guiding light for the emergence of the popular will in Eastern Europe.

Economically, Europe may be weaker than Japan, but beyond the values of wealth and prosperity, what cultural message can Japan transmit to the Western world? Europe speaks to the West from the crossroads of humanism and cultural relativism: It reaches us that adjacent but differing nations

and cultures can fruitfully co-exist. If the EC members can do so, why can't Western and Eastern Europe?

For skeptics beset by uncertainties, this scenario is a smoke-screen for problematic realities. For example, for them Bonn is more concerned about the fate of East Germany — reunification — than about the future of Western Europe.

Skeptics see the road to a coherent Europe beset not only by existing differences in economic achievement, but also by problems posed by the resurgent nationalism in the East. The nationalism may collide with the Western European struggle to transcend nationalism on behalf of integration.

Pessimists — those who, because of a nostalgic or Althusserist bent regret the demise of Europe's post-war order — fear a collapse that will give way to a Europe dominated economically, then politically, by a reunited Germany no longer contained by the Soviet threat or American protection.

In their view, Europe again risks becoming a victim of its own nationalism. They recall 1914 — a warning that Europe could face a new Reich and new Balkan crisis. I believe we must trust Germa-

ny. I wonder why other Europeans, the French in particular, have an inferiority complex vis-à-vis the West German economy. And even if one thinks purely in balance-of-power terms, ultimately France and Britain can balance Germany, as in the past. We cannot enter the 21st century with a modern version of 19th century fears.

As Charles de Gaulle's vision of a world dominated by nations that transcend superficial ideological divisions slowly comes into being, the pragmatism represented by Jean Monnet, the architect of European unity, is more than ever necessary.

We should not treat Germany in a discriminatory manner and repeat the error of the post-World War I Treaty of Versailles, especially since Germany is stronger now than it was then. The attempt to preserve a condemned status against the potential danger of a "fourth Reich" can only become a self-fulfilling prophecy.

Today, unlike the situations in 1870 and 1914, democracy is firmly anchored in Europe as a bulwark against imperial dreams.

The writer is editor of *Politique Européenne*, a publication of the Institut Français des Relations Internationales. He contributed this comment to The New York Times.

## East Bloc: Unloading A Burden

By Jim Hoagland

PARIS — Conventional wisdom holds that rulers give up empires because they lose the will to rule. But they also lose the will to rule because they are losing empires. This is the case with Mikhail Gorbachev and Soviet control over Eastern Europe.

The evidence is on display in East Germany and Czechoslovakia. Initial brutal attempts by national police to halt the pro-democracy demonstrations failed. When the crowds grew to critical mass, the only option left to restore "order," totalitarian style, was massive military intervention. But that is not an option for the embattled East European leaders, who do not have control over their own military forces.

Those forces are commanded by the Soviet chief of staff through the Warsaw Pact. Czech and East German generals take orders from him, not from the local straw bosses. The lack of military violence that Gorbachev shows that the Warsaw Pact still exists. Moscow's failure to give orders to fire on the crowds is the only master plan for reform in Eastern Europe, and it is enough to change the world.

The crowds have both undermined and reinforced Mr. Gorbachev's evident conclusion that Eastern Europe is not worth the reign of terror it would take to hold it.

The Warsaw Pact suddenly seems to be a factor of instability for Europe. The only two Communist nations still openly and consistently relying on bloodshed and brutality to control their people are China and Rumania, which maintain direct control of their own armed forces.

But its temporarily stabilizing influence is no reason to offer a Thanksgiving prayer for the existence of the Warsaw Pact and to argue that it is in the West's interests to make sure that the pact continues to exist. This attitude carries concern with stability to a harmful extreme.

Mr. Gorbachev has failed or refused to use the Warsaw Pact for either of two basic purposes. The pact no longer enforces ideological uniformity in Eastern Europe, nor is it used to threaten Western Europe for political purposes. All it does in its present bloated form is burn up money.

The Soviet leader persuaded U.S. policy-makers that he had come to the view that the Warsaw Pact was part of his problems and not a solution to them by quickly accepting, in effect, the proposal for conventional arms reductions that President George Bush offered in May. The Soviet counterproposal was a hastily rewritten version of the Bush plan, which challenges the Soviets to cut their conventional forces in Europe by 50 percent in return for a 10 percent cut in NATO. The 10 percent cut is small enough to avoid any serious impact on the organization's two sacred doctrinal cores, forward defense and flexible response.

To achieve the level of defense spending savings needed to revive the Soviet economy, Mr. Gorbachev seems willing to carry through on his expressed hope to withdraw all Soviet troops from abroad over the next decade. He is asking for the political cover of negotiations aimed at dissolving both military blocs.

Dissolving NATO — even in return for the death of the Warsaw Pact — is in the realm of the unthinkable for most U.S. and West European officials. NATO has for 40 years provided the United States with an instrument to exercise leadership in European affairs. This role has ensured in turn that the United States stayed in Europe and avoided the mistake of 1919 — retreating into isolationism.

Raymond Aron, the late political philosopher, described the invention of NATO as "walking backward into the future." NATO's founders thought a strong American military presence in Europe would prevent the next war because it would probably have prevented the previous one.

Is such a smart still needed to hold America in Europe? That is: Is the American presence in Europe today broad and deep enough to keep the United States deeply involved in European affairs in a world in which NATO and the Warsaw Pact no longer count for much, if anything?

The American commitment, it seems to me, does run that deep. But Americans have to demonstrate that, to themselves and to our European partners, and not ask that it be taken for granted. That is why any discussion in Maastricht of a future without NATO has to be handled with extreme care. But the crash of the Warsaw Pact means that it is a subject that can no longer be taboo.

The Washington Post.

## 100, 75 AND 50 YEARS AGO

### 1889: 21-Star Republic

NEW YORK — Dispatches from Rio de Janeiro say that the Brazilian flag will retain the old colors with the addition of twenty-one stars, representing the different States of the Union. It also bears a motto: "Order and Progress." The new postage stamps bear the symbol of a blue globe encircled by the words "Republic of the United States of Brazil."

### 1914: Ypres in Ruins

PARIS — The wonderful Gothic Clothall and the splendid townhall of Ypres, a fine example of the Renaissance, are a mass of ruins. The German artillerymen have added another to the list of their crimes — Louvain, Tournai, Rheims, Arras and now Ypres! The great Hall of the Dukes of Flanders, the building was begun in 1201, completed in 1304 and restored in 1860. This long, delicately-arched line of the main facade of this grade of

the town almost suggested one of the late designs for which it has been famous. A low edifice, it stood in the marketplace stretching away for 400 feet in a rich style of Gothic architecture and surrounded by a sturdy belfry in the center, reminiscent of the Victoria Tower, Westminster.

### 1939: A 'Semitic' State

BRUSSELS — A half million Jews will be herded into an area of 100 square kilometers surrounded by a barbed-wire fence, according to Germany's plans to establish a "Semitic" state in Poland, the Belga news agency reports today (Nov. 22). Plans are already under way to transfer 150,000 Jews from Poland, 65,000 from Vienna, 30,000 from Posen and East Prussia and 240,000 from the old Reich to the district near Lublin. The refugees are forbidden to take more than 300 marks to their new "country," which will be administered by Dr. Hans Frank, the Reich's governor general of occupied Poland.

هكذا من الأصل



## OPINION

## U.S. Football: Brawls, Bets And — Ho-hum — Drugs

By George F. Will

WASHINGTON — Crisp autumn Saturday morning, second cup of coffee, sports pages full of football news. Crime wave update from the University of Oklahoma: No more shootings or cocaine busts, but the criminal-justice system is nailing some more Sooners, this time two convicted of rape.

At Notre Dame, coach Lou Holtz is not having fun. His Irish, rated the No. 1 football team in the country, are brawling with opponents (before kickoff, on the field). University officials are delivering a forearm across the windpipe to the idea that Mr. Holtz was in any way connected with illegal payments to players at Minnesota, his last coaching stop. Colorado is challenging Notre Dame for dominance. More than two dozen Colorado players were arrested in a recent three-year period, charges ranging from trespassing, assault and burglary through rape. Hmmm.

No news this day from Florida. But in a 22-day period the University of Florida fired its football coach (the one hired five years ago to replace a cheater) for cheating, and its basketball coach and three of his assistants, and lost two quarterbacks this autumn for gambling. It is hard to keep up that pace of scandal.

But the day's big story is the National Football League's permanent suspension of Washington Redskins defensive end Dexter Manley, for a third drug offense. He is the second Redskins lost to drugs this month. Team officials suspected trouble when Dexter missed an appointment with his reading tutor.

Where did Manley learn that there really are no rules, that drug laws are not serious, that football players can do an end-run around reality? In school.

Before becoming a Redskins, Manley spent four years making a lot of tackles and money for Oklahoma State University. Restaurants and motel operators in Stillwater thank him. He left school without a degree (like most NFL players) and still unable to read.

Now Manley has fumbled away millions of dollars. No more of the custom-tailored suits he has sported for years. "I'm not gonna say how I got them. It was my senior year in high school, so you put it together. I had 37 scholarship offers. So, that's how it works."

Does college football form character? It sure does, by teaching cynicism. Nearly one-third of NFL players responding to a survey say they received illegal payments in college — slipped under dormitory doors, passed in con-

gratulatory handshakes, left in helmets. Come for a stroll along the banks of the open sewer that runs through many campuses. Read "The Hundred Yard Lie" by Rick Telander, formerly lead college football writer for Sports Illustrated. His book is his declaration of incurable disgust.

I know, robust reader — yes, you there, looking at your watch, counting the hours until kickoff — you are thinking: Lighten up. At least the players are being prepared for a profession — football — and meanwhile are generating pots of money for the math department.

False, twice. Only about one in 50 collegiate players makes it to the NFL, where the average career lasts about three years. And virtually all the money from college football bypasses the school's general funds and flows into the athletic department.

For Telander, the pretense of amateurism, that money is not the prime consideration, is the root of the evil of hypocrisy enveloping college football. But his solution — pay the players at least a pittance from the \$500 million generated by Division I teams — would, like most reforms, make matters worse.

He is, of course, correct in saying that the players are exploited labor. (Disproportionately black labor. About 40 percent of Division I players are black. About 4 percent of students at those schools are black.) But while his proposal would help players, it would not bring hygiene to higher education.

The only solution is to sever universities from this mega-entertainment industry. If the NFL wants farm teams, let it do what baseball does: Pay for them, far from campuses.

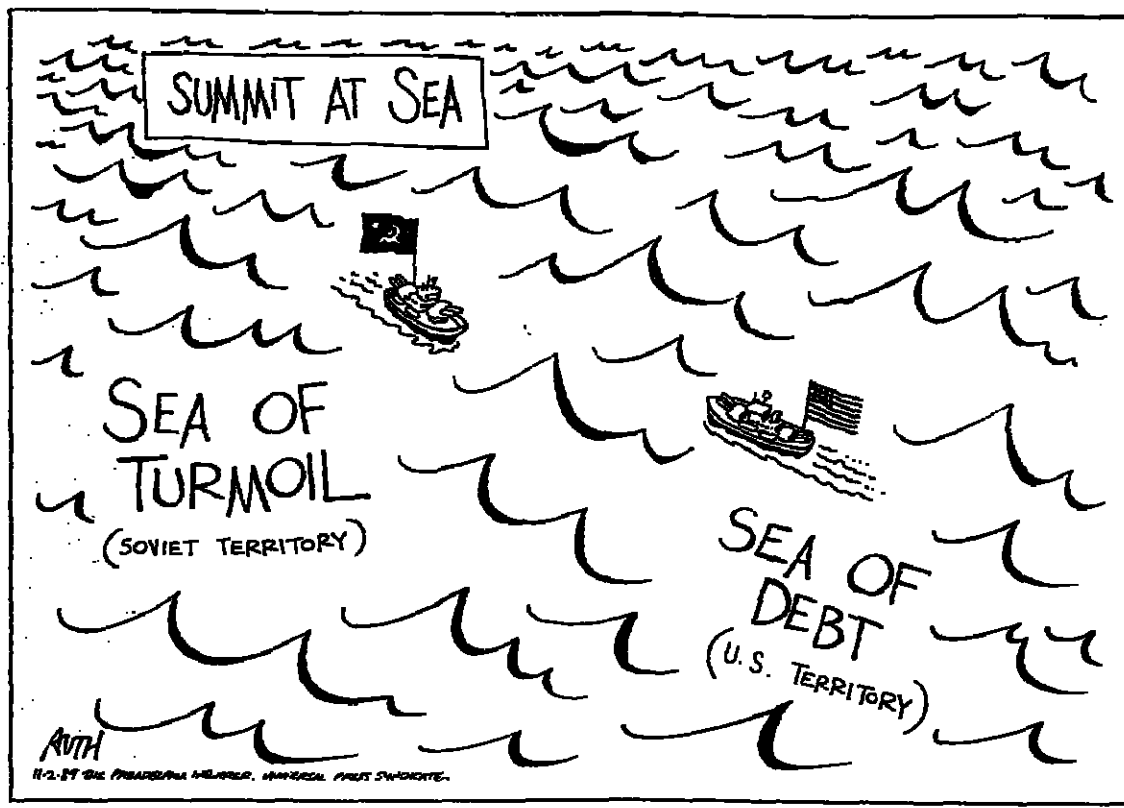
Four reforms would help: coaches paid comparably with other faculty and given tenure; no freshman playing or practicing; no spring practice; and no fall practice before classes start; no special admissions or curricula for athletes. Some players currently take such courses as Billiards, Jogging, Advanced Slow-Pitch Softball (imagine the reading list for Elementary Slow-Pitch Softball), Trees and Shrubs and — my favorite — Recreational Leisure.

These suggested reforms are, of course, utopian. "Student athletes" who attend real classes? Coaches as faculty members rather than entrepreneurs? Teams as appendages of universities rather than the other way around? Preposterous. There is too much money and passion on the other side.

Passion? A juror in a criminal trial swore in an affidavit that he had been pressured by fellow jurors to change his vote from innocent to guilty so that they could all report their verdict in time to watch the Ohio State-Michigan game.

College football, like most other smarmy features of American life, prospers by popular demand.

Washington Post Writers Group.



## LETTERS TO THE EDITOR

## Remember the Romanians

Reforms in Hungary and Poland, the dismantling of the Berlin Wall and Mikhail Gorbachev's perestroika are possibly the most far-reaching developments of the post-World War II era in Europe. The peoples of Eastern Europe seem finally able to take up their own fate after 40 years of communism.

But more attention should be paid to one of the most repressive regimes of the region, under its Stalinist dictator Nicolae Ceausescu. While Poles and Hungarians are slowly moving toward multiparty systems, any sort of opposition in Romania is stifled by the Securitate, or secret police. East Germans are now allowed to travel to the West; Romanians fleeing the Ceausescu regime are shot at the Romanian-Hungarian border. While the world is talking about a common European house, the Romanian regime has demolished a part of Europe's most valuable architectural and historical heritage. Romanian, Hungarian and German villages throughout the country are threatened with demolition.

As we approach the Christmas season, the Romanian people will once again have to go through a harsh winter, with rationing of food, heat and electricity. In the meantime, the world seems oblivious to Nicolae Ceausescu, "the most favorite son of the people," destroying a country and its population. While we celebrate the newly acquired freedoms of Poles, Hungarians, and East Germans, let us not forget the Romanians.

MIHAI P. CARP.

London.

Mark Twain provided the explanation for the inevitable disintegration of Com-

## munist in Eastern Europe (and everywhere else) when he had Huck Finn observe: "You cannot pray a lie."

JOHN CURTIS,  
Lenk, Switzerland.

## Questions for Tutu

In response to "Now Is No Time to Ease the Pressure on De Klerk" (Opinion, Oct. 21):

The opinion column by Archbishop Desmond Tutu raises some questions. First, Archbishop Tutu states that "we are firmly opposed to the use of violence to achieve the fundamental change that our country needs." These are sensible words.

At the same time, however, he campaigns on behalf of "our liberation movements" — the African National Congress and the Pan-Africanist Congress. Both these movements remain committed to armed struggle as part of their strategy for liberation.

If Archbishop Tutu is firmly opposed to violence, why does he call for continued pressure on the South African government to change while not putting similar pressure on those liberation movements to renounce violence? Surely this would be the most effective way of creating the climate for negotiations that everybody wants.

Second, Archbishop Tutu is adamant that sanctions should be applied against South Africa. But he publicly opposed American sanctions against Panama on the ground that the local population would suffer. It would be interesting to hear Archbishop Tutu explain why he is more concerned about the harmful effects of sanctions

on the people of Panama than on his own people in South Africa.

Moreover, opinion polls have shown that Archbishop Tutu is not representing the majority. The latest Gallup Poll again showed that sanctions and disinvestment are rejected by more than 80 percent of South African blacks.

R. H. GORIS,  
Overijse, Belgium.

## Inferiority by the Bay?

I enjoyed A. M. Rosenthal's commentary "San Francisco Still Stands Light and Lovely as Ever" (Opinion, Nov. 15). As a native of the City by the Bay who was deeply saddened by the recent chaos in and around my city, I am glad to discover that — all in all — all is well.

However, I take exception to the suggestion that the survival of the city may "take care of San Francisco's inferiority complex, its idea that Los Angeles or New York or Washington have more know-how and more drive."

What inferiority complex? As far as native San Franciscans are concerned, Los Angeles is a city of superficiality, New York is a snowball out of control, and Washington plays politics — a game we could not care less about. Meanwhile, San Francisco is a city of people who can come together, not only to help themselves but to help others in hours of darkness and chaos.

Perhaps Mr. Rosenthal should have written that the earthquake confirmed the notion that San Franciscans, and those who live in the Bay Area, are some of the best people in the world.

CHRISTIAN du LAC,  
San Francisco.

## Thanksgiving for a Harvest Not Counted by the Bushel

By Ward Sinclair

DOTT, Pennsylvania — As the chill deepens and the outdoor work slows, the farmer turns to his ledger books, which are deceiving; they confirm that his financial rewards are small, but fail to reveal that he has acquired immense wealth.

Looking back over the year, the farmer realizes that he has become part of a family that somehow seems to count on him, that supports and encourages him

ing one day to "work" on the farm. The lettuce they helped cover with protective netting in the fall grew to marketable size, thanks to their efforts.

The growings are just as much help. A woman named Lani would arrive in the hot months with bottled ice water for the farmer. A man named Russell brought brownies, his wife Marci brought cake. A man named Phil brought news clippings, knowing that the farmer was out of touch.

An infrequent shopper at the stand came with antique seeds he wanted to share. Women whose names were unknown to the farmer brought recipes. A fan of the Washington Redskins regularly invited the farmer to drop by on Sundays and watch the team's football games on his television set.

Others who did not bring gifts brought their attentive care and best wishes. Each week the farmer would be peppered with questions about the bugs and the weather and sales. They worried about if the farmer would make it, offered their support and showed that the distance between city and country is not really so far at all.

One man, a regular shopper, began asking the farmer to select tomatoes for him. "I hate to tell you," he finally said one day, "but I've just learned that I'm going blind and I can't see what you have on the stand."

Yet another part of the farmer's intangible wealth is the family of fellow vendors he has joined. They all compete, most of them grouse and gossip about each other's habits, but they care for each other. They support one another with barter and discounts and tips on growing their specialties. The farmer has learned from each of them and he thanks them.

He is indebted to Chip and Susan of Purcellville, Virginia, who supported the farmer by sharing their knowledge with grace. He thanks Sharon, who astonishingly refuses to bring her rutabagas to market so as to not offend the farmer who first introduced her to them. The farmer is grateful for the lessons taught by Tony and Becky, determined young Pennsylvania growers whose grit brought them back from the edge of failure. He thanks John and Louise, the bakers, and Andy and Alan, good farmers and joshers.

This is the farmer's new family, his new wealth and in many ways the inspiration that allows him to ignore the aching elbows and tired arms and bruised knees that are the bane of the vegetable patch.

For this, the farmer counts his blessings in this Thanksgiving. He is in awe of these riches and he is thankful.

Amen.

The writer, who now farms full-time, formerly covered agriculture for The Washington Post.

## EUROPEAN TOPICS

## Doctor Reprimanded In Euthanasia Case

A Dutch doctor has been reprimanded by his peers for failing to help a suffering patient die even though he had promised to do so. Jeanne Tromp Meesters of the Dutch Association for Voluntary Euthanasia said Wednesday.

Although mercy killing is illegal in the Netherlands, doctors who practice it are seldom prosecuted. But this was the first time a doctor had been censured by his colleagues for failing to practice euthanasia. Mrs. Tromp Meesters said, although the association had received similar complaints about other doctors in the past. But this time, a relative — the patient's son — filed a formal complaint with the Medical Disciplinary Board in Amsterdam.

The board ruled earlier this month that the unidentified physician, who had provided mild tranquilizers instead of lethal pills, had committed a "breach of trust," Mrs. Tromp Meesters said.

The bedridden 92-year-old patient, who was suffering from a lung deficiency, had "repeatedly asked that his suffering be terminated," Mrs. Tromp Meesters said. The patient's name was not revealed.

Dutch doctors acknowledge helping more than 5,000 patients die each year. The Dutch government has repeatedly postponed discussing a bill that would legalize euthanasia.

## Switzerland to Vote On Abolishing Army

The Swiss will go the polls Sunday to decide whether their country really needs an army that has not fought any foreign wars since the 16th century, although the Swiss have fought each other in civil conflicts as recently as the Napoleonic era. The vote is a national referendum on "Switzerland Without an Army."

The motion is expected to be roundly defeated. A recent opinion poll indicated that only 27 percent of Swiss favor abolishing the army of 625,000 men. But the poll also showed that opposition to the army is growing, particularly among the young, with 43 percent of those aged 20 to 29 wanting it scrapped.

The more than 100,000 signatures needed to submit the issue to the ballot were gathered

by a coalition of pacifists, Socialists and religious groups.

The younger generation's drift away from Switzerland's long-standing conservatism worries the government. Only last week, the Defense Ministry said it would set up a peace policy department, to work closely with a similar unit already set up by the Foreign Ministry. Defense Minister Kaspar Villiger denied that his announcement was timed to influence Sunday's vote.

## Around Europe

The French newspaper *Le Monde* has agreed to lend the Polish daily *Gazeta Wyborcza* an old rotary printing press that it no longer needs, free of charge for a decade. The independent Warsaw newspaper began publishing in May and now has a circulation of 530,000. The cost of 2 million francs (\$320,000) to move the machine to Warsaw will be paid through a subscription drive in France.

Mega Channel, a Greek commercial television station owned by five newspaper publishers, went on the air in Greece on Monday, putting an end to the state television monopoly. Nikos Skoulas, the channel's managing director, said Mega would present European and American movies, television serials, sports, variety and game shows. At least two other private television channels are preparing to go on the air soon, following a law passed in October allowing independent television broadcasts.

Eight in 10 Swedish women say they would pick the same husband again if they were given a second chance, according to a survey published by the Swedish edition of *Elle*, a fashion magazine. Not so in France, where every second Frenchwoman said she would be happy to exchange her husband.

Britain does not sell vanity license plates but a lively trade has sprung up in eye-catching plates issued in the normal course of letter and numeral sequences. Turning this to its advantage, the government will start auctioning eye-catching plates at Christie's in London next month. Motorists are expected to bid tens of thousands of pounds for plates whose combined letters and figures read like names, such as DI ANA, or greetings, as in HI BOB. In the past, plates like 1 SEXY and VIP 1 have sold for £100,000 pounds (\$156,000) or more.

Sytske Looijen

## GENERAL NEWS

## Student Behavior: U.S. Colleges Rediscover the Hickory Stick

By Deirdre Carmody

New York Times Service

NEW YORK — A sense that campus life in the United States has markedly deteriorated is prompting colleges and universities to reassert some authority over student behavior, a role most schools virtually abandoned two decades ago.

For reasons that range from rising crime to new heights of rudeness, administrators are worried that the pendulum has swung too far, that it is time to enact new rules and enforce old ones.

Underlying their actions is concern that somehow the feeling of community that once characterized U.S. campuses has begun to disappear.

"There is a sense of urgency that there has to be more intervention," said Ernest L. Boyer, president of the Carnegie Foundation for the Advancement of Teaching. While no one is talking about a return to the paternalism that prevailed until the 1960s, he said that "masters of physical safety and even legal pressures are forcing colleges to raise the question of how to make these places more disciplined."

If students living in residence halls at Stanford University begin to act belligerently or anti-socially, they are asked to sign a "behavior contract." It says, in effect, that their behavior must be consistent with community standards or they will have to move out of the dormitory.

Boston University has banned all over-

night visits in residence halls by members of the opposite sex. "This has nothing to do with civility," said John R. Silber, the school's president, after being told by a distressed parent that the boyfriend of her daughter's roommate had spent every night for two months in the women's small dormitory room. As a result, the university instituted strict residence hall regulations this fall.

The urge for tighter campus discipline arises from several seemingly disparate factors:

- Greater concern over security, stemming from a nationwide increase in campus crime and fears that universities will be held liable by victims.

- An increasing lack of civility among students, ranging from overt acts of racism to an increase in such familiar complaints as playing loud music when others are trying to study.

- New state laws raising the legal drinking age. Residence hall regulations prohibiting alcohol for students under the legal drinking age and use of illegal drugs by all students are being strenuously enforced on many campuses.

At Lehigh University, where a widely publicized rape and murder occurred in a dormitory three years ago, rules now require students to register with the university and hire security guards if they want to give a party. Alcohol can be served only to

students over 21, in a separate room from the main party, and students may not leave that room with more than two drinks in hand.

While officials have clamped down on student behavior in relation to drugs, alcohol, vandalism and general dormitory life, they are often confounded by how to curb racist, sexist and anti-homosexual incidents without violating freedom of expression protected by the First Amendment.

The University of Massachusetts at Amherst, the University of Wisconsin at Madison, the University of Michigan at Ann Arbor and Emory University in Atlanta have all discussed and, in some cases, passed anti-harassment policies.

At Stanford, a student-conduct legislative council proposal that would have prohibited personal attacks characterized by "obscenities, epithets and other forms of expression" was withdrawn after it was deemed unconstitutional by the university's general counsel and by a professor of constitutional law.

Students are less convinced about the efficacy of regulations than are administrators. In a poll of students, The Boston University Daily Press found that most felt new regulations had not accomplished the purposes set forth by a task force of students, parents, faculty members and administrators who worked for a year to draw up the rules.

Of the 400 students polled, 60 percent or more said that the new policies had not reduced vandalism and theft, had been ineffective in enhancing a quiet study atmosphere and had not reduced peer pressure. 50 percent said the rules had not reduced the number of strangers in the dorm.

One reason for the deterioration of campus life is lack of direction from the top, said George D. Kuh, professor of higher education at Indiana University. He said that college presidents had focused on such matters as fund-raising and lobbying state legislatures. At the same time, faculty members have become increasingly occupied with research, making grant applications and publishing articles.

"You don't expect faculty members today to play Trivial Pursuit in the dorms or to show up at the homecoming dance," Mr. Kuh said. "All these things have worked to undermine what is minding the store."

Spurred by what they saw to be a "near crisis" in the quality of campus life, the American Council on Education and the Carnegie Foundation for the Advancement of Learning are conducting a survey of 500 college and university presidents on life outside the classroom.

Although the results are not expected to be announced until January, some findings have been made public. The main concern of college presidents, the survey indicates, is how to build "a

stronger overall sense of community" on campus. Of the 382 presidents who responded, 271 described the issue as "very important."

These attitudes contrast with what Mr. Boyer found in 1984 when he was researching his book, "College: The Undergraduate Experience in America." One issue that everyone agreed on at that time, he said, was that college presidents wanted to avoid the issue of life outside the classroom.

Some of the impetus for a stronger sense of direction has come from parents. John DiBiaggio, president of Michigan State University, said that he received many letters from parents saying the university should be stricter, especially in regard to alcohol.

But many students are indignant about what they fear is a return to in loco parentis.

At Kentucky State University, Derrick Fishback, the editor of the school newspaper, complained about the new rule against freshman dormitory visits with the opposite sex. "There seems to be no basis for it," he said. "It's saying that students who are consenting adults are not able to express their rights as adults."

Similar overnight-visitation rules went into effect this semester for the majority of freshmen at the University of South Carolina, where more than 4,000 students signed a protest petition.

## Khmer Rouge Relocates 2,000 Civilians

Compiled by Our Staff From Dispatches

ARANYAPRATHET, Thailand — The Khmer Rouge moved about 2,000 Khmer civilians on Wednesday from refugee sites to a mountain stronghold captured from the Cambodian government this week. Thai military officers said.

At the same time, fighting in other areas of northwestern Cambodia appeared to subside after two days of heavy combat in a general offensive by the two non-Communist guerrilla groups in the three-party resistance coalition.

Thai officials also reported that the two groups had abandoned their attempt to cut northwest Cambodia's strategic Highway 5, withdrawing in the face of heavy artillery and rocket bombardments from troops of the Vietnamese-backed Phnom Penh government.

A Thai military officer said the 2,000 civilians were marched from a Khmer Rouge camp near the Thai border at Khao Lom to Phnom Chada, about 40 kilometers (25 miles) south of the Thai town of Aranyaprathet.

The officer said the Cambodian civilians are to start farming in the area, which is planned as a rear

base for the Khmer Rouge as they continue to clear government forces from a long strip of the border south of Aranyaprathet.

The Chinese-backed Khmer Rouge, whose nearly four-year

reign in Cambodia was ended by the Vietnamese invasion in December 1978, control an estimated 55,000 people in camps associated with the United Nations. They are believed to be keeping at least as

many civilians in the border region.

A senior Thai intelligence officer in Bangkok said the three resistance groups were trying to capture and hold territory for the first time in their 10-year struggle against the Vietnamese and their Cambodian allies. He said they needed to demonstrate their ability to hold significant liberated areas in order to retain international support.

He said maintenance of a large resistance liberated zone would pressure the Cambodian prime minister, Hun Sen, to agree to negotiate.

A Thai officer said the Khmer Rouge 450th Division, led by Major General So Hong, captured Phnom Chada and nearby Phnom Malai on Monday, forcing about 600 government troops to flee.

The resistance coalition was recently given an overwhelming vote of support at the United Nations, but some of that support may be wavering because of Vietnam's announcement in September that its troops have left Cambodia.

The resistance claims that tens of thousands of Vietnamese troops have remained in the country, disguised as Cambodian soldiers. (UPI, AFP)

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The resistance claims that tens of thousands of Vietnamese troops have remained in the country, disguised as Cambodian soldiers. (UPI, AFP)

## Nicaragua Breaks Off Talks With Contras

By John M. Goshko

Washington Post Service

WASHINGTON — The Nicaraguan government has broken off cease-fire negotiations with the U.S.-backed contra rebels and announced plans to ask Central American presidents to review the situation.

The move came on Tuesday after both sides had presented proposals to reinstate a 19-month cease-fire that President Daniel Ortega Saavedra canceled on Oct. 27.

The Nicaraguan deputy foreign minister, Victor Hugo Tinoco, said the contras had shown no willingness to live up to regional peace accords signed last August.

The contra spokesman, Bosco Matamoros, called the Sandinista action "a propaganda drive" and said the contras were willing to continue the talks.

Earlier, the Nicaragua government had dropped its de-

mand that all contra rebels withdraw from Nicaragua and offered to resume a cease-fire if just 2,300 insurgents pull back to bases in Honduras.

The contra proposal, which Mr. Tinoco rejected, was described by Mr. Matamoros as "a unilateral cease-fire in place to be decreed by both parties, without any preconditions."

Alleging increased contra infiltration into Nicaragua, President Ortega originally demanded that the rebels be disarmed and disbanded by the Dec. 5 deadline set by the five Central American presidents.

The Sandinistas subsequently agreed to talks in Washington under the auspices of the United Nations and the Organization of American States.

Last week, the Sandinista government dropped its insistence on the Dec. 5 deadline and offered to renew the cease-fire if the contras agreed to go back to Honduras.



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## SCIENCE

## Cancer: Understanding the Fatal Spread

By Elisabeth Rosenthal  
New York Times Service

CANCER researchers are beginning to make progress in understanding some of their most deadly adversaries, cancer cells that break off from the primary tumor, travel to distant organs and form secondary tumors, or metastases.

More than 50 percent of newly diagnosed cancer patients already have metastases, often undetectable and fatal, and oncologists' inability to treat them explains the continued dismal cure rates for many common tumors, experts say.

"Metastases are what kills patients with cancer," said Dr. Lance A. Liotta, the chief of the pathology laboratory at the National Cancer Institute. In fact, virtually all people who die of cancer, breast and many other cancers succumb not to the primary tumor but to its offspring elsewhere in the body.

Within the last five years, scientists have achieved a remarkably detailed biochemical understanding of how cancer spreads to distant sites.

This knowledge, they say, may soon provide the basis for new weapons against metastases, from systems for early detection to drugs to block tumor seeding, that will improve patients' odds for long-term survival.

In recent years, researchers have increased their understanding of many characteristics of metastases, and their gains have included:

- Learning that not all cancer cells are alike and that the ability to form metastases is restricted to a small subpopulation of cancer cells.

- Finding genetic and chemical hallmarks of these cells.

- Identifying three types of protein that enable the cells to bore in and out of blood vessels so they can travel through the body.

- Discovering how metastatic cells from certain kinds of cancer recognize which other organs they best grow in.

- Beginning to devise blood and tissue tests to detect the presence of metastases while they are still microscopic and treatable.

Such tests may be widely available within the next few years.

"Many labs are now concentrating on these metastatic subpopulations which are so different than other cancer cells," said Dr. Isaiah J. Fidler, the chairman of the department of cell biology of the M.D. Anderson Cancer Center at the University of Texas.

"We are taking a very close look at metastatic cells. Drugs are being screened specifically for their effect on metastases. I'm extremely optimistic that in a few years we're going to make a big impact."

Experts estimate that about a third of cancer patients have overt metastases revealed by physical examination and radiology tests in initial diagnosis.

The other two-thirds have no obvious metastases, but about 50 percent of them probably have undetectable microscopic ones scattered around the body like buckshot, Dr. Liotta said.

"For the clinician, the big problem is that many patients will already have metastases when they are first diagnosed with cancer," he said.

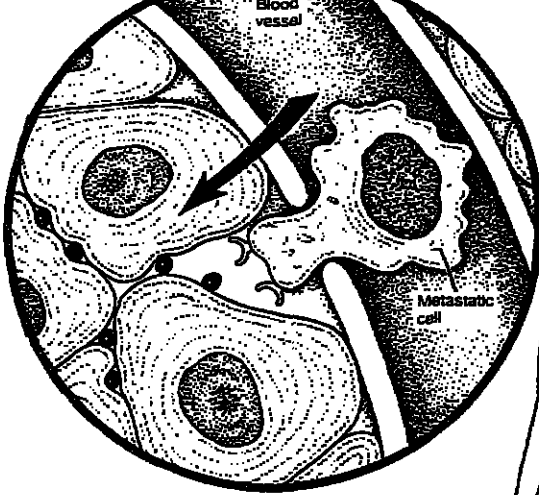
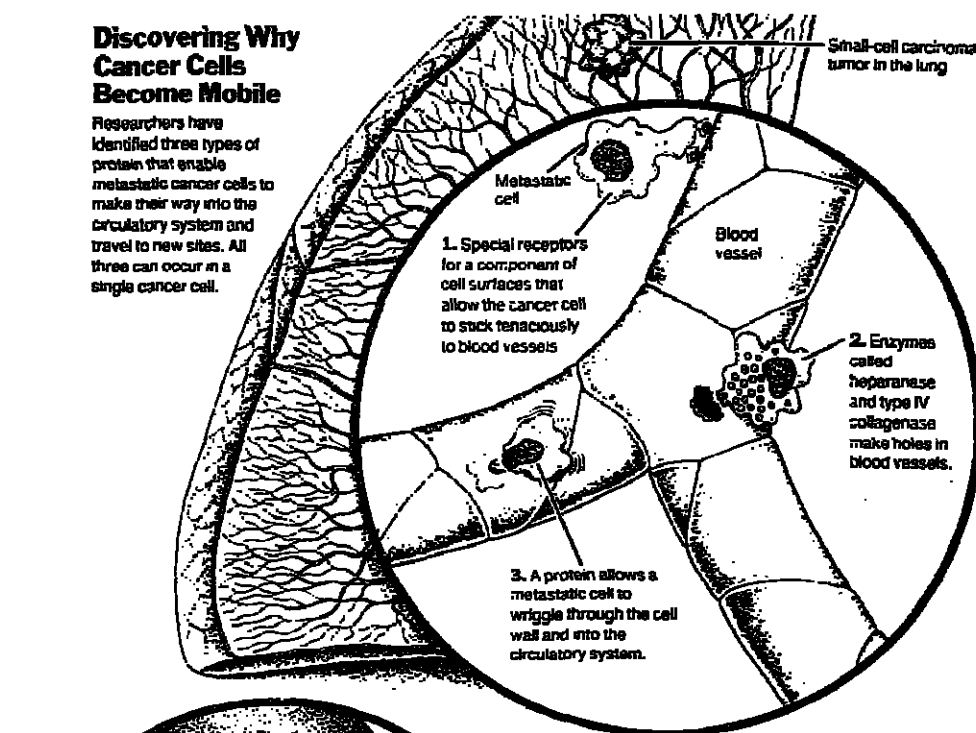
"And often, the metastases will be too small to be detected by currently employed methods."

Unfortunately, by the time such micrometastases have grown into detectable tumors, they are frequently invulnerable to chemotherapy.

Metastases are also far more resistant to drugs used in chemotherapy than their tumors of origin, experts say.

### Discovering Why Cancer Cells Become Mobile

Researchers have identified three types of protein that enable metastatic cancer cells to make their way into the circulatory system and travel to new sites. All three can occur in a single cancer cell.



The three compounds produced by metastatic cells that allow them to leave a primary cancer site and enter the circulatory system may also work to allow metastatic cells to leave a blood vessel to invade and grow in other places. In the case of small-cell carcinomas of the lung, metastatic cells tend to spread to the brain, liver and bone.



Michael Rindig/The New York Times

cent of these women to toxic treatment because we can't tell which ones have microscopic spread," says Dr. Gert Reichmiller, a tumor immunologist at the University of Munich.

"We have to learn enough about these cells to define and detect very early metastases."

Studies in Dr. Fidler's lab over the past decade have proved that each metastatic tumor derives from a single wayward cancer cell, which takes five years to grow into a detectable metastasis.

This is a daunting statistic, given that malignant tumors each day send thousands of cancerous cells and can send millions of them into the circulatory system.

Dr. Fidler estimates that less than 0.1 percent of cancerous cells have the biochemical skills required to form the seed for a metastatic tumor. And chance also plays a role.

"Thankfully, it is a very low-probability event, a very inefficient process," said Dr. Liotta.

"The cell has to overcome many obstacles. It has to get through the vessel wall into the bloodstream."

"It has to survive the trauma of being knocked around in the circulation, and then somehow get out again and into an organ." Also, it has to evade the patient's immune system, which can destroy some tumor cells, he said.

In the last five years, scientists have come to understand the sequence of events in metastasis formation and identified many of the genetic and biochemical adaptations that separate the cells that cause them from their non-metastatic counterparts.

Dr. Reichmiller's group in Munich is studying biochemical changes in malignant melanoma as the skin tumor progresses from a benign, localized mole to its very aggressive metastatic phase.

He said the group had found on the surface of the cells with metastatic potential two new molecules that are thought to be involved in cell adhesion and that they may serve to anchor the metastatic cell to its new home.

At the National Cancer Institute and elsewhere in this country, scientists have identified the proteins that enable metastatic cells to bore their way through the walls of blood vessels to enter and leave the circulatory system, Dr. Liotta said.

Experts say that the new knowledge will ultimately improve treatment of metastatic tumors. "We have found that metastasis formation is not anarchy, but a highly regulated process," said Dr. Fidler. "If it is regulated, we can study it. And if you can study it, ultimately you can understand and change it."

For example, surveys of women who underwent surgery for breast cancer and but had no signs from X-rays or biopsies of lymph nodes that the cancer had spread found that 30 percent died of metastatic disease in five to 10 years.

Earlier in the year, this dismal record led the National Cancer Institute to recommend that all such women undergo chemotherapy, even though 70 percent of the women surveyed do not need it and the treatment has severe side effects.

"At present we expose 100 per-

## New Lasers Pierce Living Cells

## SDI Technology Spinoff Benefits Microscope Research

By Malcolm W. Browne  
New York Times Service

Nearly a decade after the first X-ray laser was triggered by the explosion of a nuclear bomb, a gentler version of the X-ray laser has been harnessed in a revolutionary type of microscope capable of revealing the smallest details inside living cells.

Originally studied as a potential anti-missile beam for the Strategic Defense Initiative program, the X-ray laser in a new form has replaced visible light in experimental microscopes that can study living objects smaller than chromosomes.

Top-secret research in military X-ray lasers is not believed to have yielded any beam weapons. But less powerful X-ray lasers seem likely to find a host of peaceful uses. Scientists have already viewed structures never seen inside a living cell.

X-ray lasers are also being developed to make three-dimensional holograms of microscopic objects and as tools for carving out microscopic components of electronic chips.

Scientists at the Princeton Plasma Physics Laboratory in New Jersey and the Lawrence Livermore National Laboratory in California say they are nearing the goal of bringing X-ray laser microscopes within the reach of small research laboratories.

Both institutions, which receive money from the Department of Energy, predict that X-ray laser microscopes will soon be small enough to place on laboratory tables and may cost no more than \$500,000 each, a gigantic reduction in the scale and cost of the handful of prototypes that now exist.

These now range in size up to that of a large airplane hangar and require equipment costing up to \$200 million. Such instruments, their inventors say, will allow biologists to observe microscopic processes that control reproduction, resistance to disease, and many other physiological functions that doctors and scientists seek to understand.

The Livermore research group announced at a meeting of the American Physical Society in Anaheim, California, that the laboratory had created the highest-energy X-ray laser beam ever produced without the help of a nuclear explosion.

Among the beam's uses, Livermore said, would be the preparation of holograms of the inside of living tissue.

The Princeton Plasma Physics

Laboratory recently obtained dramatic evidence of the potential of X-ray laser instruments: an image of the interior of a living immune system cell, showing many small details never before detected by conventional microscopes.

Biologists must now determine the functions of these ultra-small cellular components, which probably play roles in the immune system.

"We believe that when they become available to laboratories, X-ray laser microscopes will open a new era of discovery for biologists," said Dr. Seymour Suckewer, director of the X-ray laser program at Princeton Plasma Physics Laboratory.

Weapons scientists were the first to seek an X-ray laser, a beam that theoretically could deliver an immense amount of destructive energy to a target hundreds of miles away.

In a 1980 experiment conducted under the direction of Livermore's Dr. George Chapline, an underground nuclear explosion was used to provide the energy needed to "pump" what is believed to have been the first X-ray laser.

X-ray radiation from the nuclear blast was used to boost the energy level of electrons in the atoms of nearby metal rods.

As the electrons in the rods spontaneously dropped back to lower energy levels, they emitted bursts of X-rays in the form of powerful laser beams.

An instant later, the nuclear blast vaporized the rods, but by then, the X-ray pulses were already on their way.

## IN BRIEF

## Teenage Suicide 'Clusters' Studied

NEW YORK (NYT) — While media accounts of teenage suicides alone are unlikely to prompt more suicides, emotionally disturbed teenagers who have been exposed to violence may be more vulnerable to sensational or romanticized accounts, a new study has concluded.

Teenagers who have experienced the death of a friend or relative, or who have injured themselves or threatened suicide may identify more strongly with suicide victims, said the study published in The Journal of the American Medical Association.

The study examined two "suicide clusters" in Texas in 1983 and 1984. In one community, eight teenagers committed suicide over 15 months. In the other, six took their lives in two months, the last four in an eight-day span. "We cannot say media exposure to the violence alone contributed to these deaths," said an author of the report, Dr. Lucy E. Davidson of the Federal Centers for Disease Control in Atlanta. But victims "may have been more vulnerable to that exposure."

## Contraceptive Vaccine Works in Mice

NEW YORK (NYT) — A vaccine injected into female mice prevented fertilization for as long as nine months, and researchers say similar vaccines may be developed for other mammals. In the journal Science, the researchers reported that the vaccine prevents fertilization of eggs by sperm, instead of causing an abortion.

The researchers, led by Dr. Sarah E. Miller of the National Institute of Diabetes and Digestive Diseases, used genetic engineering to produce an antibody to one of the proteins surrounding the eggs. Previous studies had demonstrated that if the layer of proteins encasing egg cells is coated with antibodies, sperm cannot fertilize the egg. It was estimated it would take more than a decade to develop a similar vaccine for humans.

## Hepatitis B Danger Is Emphasized

WASHINGTON (AP) — Hepatitis B, a blood-borne disease that can cause fatal liver cancer, is a greater threat than AIDS, but U.S. doctors are doing little to promote use of a vaccine, an expert says. There are 20 to 30 times more carriers of the hepatitis B virus than there are people infected with the HIV, that causes AIDS, Dr. Sanford F. Kuvshin, vice chairman of the National Foundation for Infectious Diseases, says.

"Hepatitis B is the most important blood-borne disease in the world today, and that includes AIDS," Dr. Kuvshin said. "There are almost 300 million carriers of the hepatitis B virus in the world today and there are about 10 to 15 million carriers of the HIV virus."

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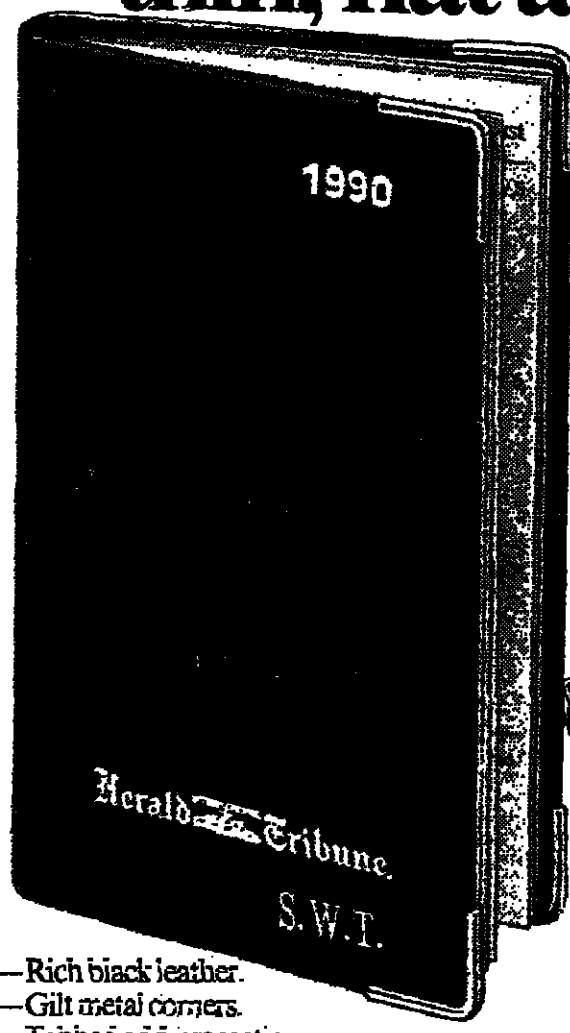
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## ADVERTISING SECTION

## Trade Fairs: Keeping the Customer Satisfied

Fairs are big business in Italy. In 1987, the Ministry of Industry recognized 169 international trade fairs in the country. They covered a total of 3.8 million square meters (4.5 million square yards) of floor space, housed 78,000 exhibitors and attracted 12.5 million visitors. In addition, the industry staged a further 530 exhibitions outside the international circuit.

By far the most important organization is the Milan Fair, which handles 33 percent of all exhibit space sold in Italy. In second position, up-and-coming Bologna handles over 13 percent and is followed by nine other regional organizations. The latter are closely associated with specific shows or sectors: Bari as a gateway to the Mezzogiorno (the South of Italy); Florence for men's fashion; Genoa for boats; Parma for food; Turin for cars; Verona for wine; and Vicenza for gold and jewelry.

Despite fierce European competition, the number of visitors to Italian fairs has remained stable over the last three years. A corresponding shift from general to specialized visitors and the increasing importance of regional trade exhibits similarly mirrors pan-European trends.

The Italian word "fiera" means proud or high-spirited as an adjective and fair or exhibition as a noun. The pride that Italy's exhibition organizers take in their work is clearly reflected in the sector's continuing success in attracting international trade.

Nevertheless, Milan remains the second most active fair site in Europe, after Paris, and offers the second largest amount of exhibit space, after Hannover.

The Fiera di Milano distinguished itself from its competitors this October when it signed an agreement with its Moscow counterpart VDNH. It is expected that this accord will serve as an opening for more trade exhibitions between the EC and Eastern Europe. The president of Milan's fair, Enzo Vicari, emphasizes the "prestigious showcase for trade in Italy" that last month's agreement provides.

Such success has its own attendant problems. The Milan fair was established in 1922, and many of its pavilions are inappropriate for today's exhibits. Only limited parking space is available, and the largest auditorium holds only 500 people. Today's convention planners often seek space for up to 2,000 delegates.

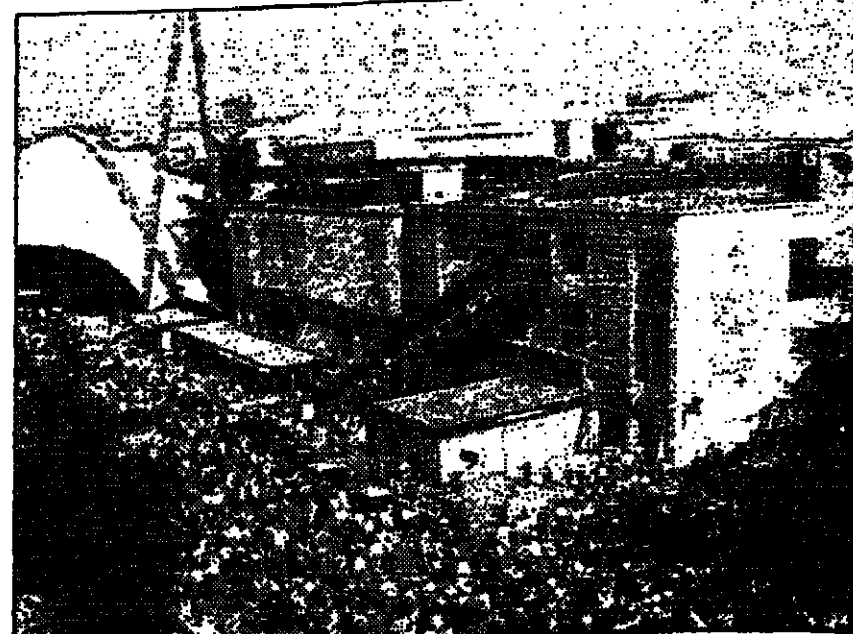
Solutions are now being sought. Milan has already added a South Pavilion at the nearby suburb of Lacciarola, which boasts modern facilities and ample parking. In addition to this, a new exhibition area adjacent to the fair is also under construction. Known as Il Portell, it will have almost 100,000 square meters of space, an up-to-date congress center, hotel, residence, office buildings and much-needed parking facilities. At the same time, some of the existing pavilions are being replaced by more functional structures. The facelift will nearly double existing capacity.

The Fiera di Bologna, which began operating in 1965, has been able to avoid some of the problems posed by adapting or outgrowing older fair structures. Located half a mile from the medieval walls of Bologna, it has large multipurpose exhibit areas, parking facilities, well-equipped meeting rooms and

computerized information services. Bologna isn't large, by international standards, with its 15 pavilions and a total of 93,000 covered square meters (about half of which is sellable), but it is functional. With about 15,000 exhibitors in 1988, it hosted 125 shows, slightly over 12 percent of which would be considered "international."

Bologna concentrates on several key areas, including fashion, construction, culture and technology. Major events include COSMOPROF, a leading cosmetics show; SATE, an international industrial building exhibition; and the International Motor Show. The fair also works with Modena and Ferrara to coordinate commercial exhibits among the three cities.

Cooperation rather than competition may be the key to the future for many of Italy's fair organizations. Dr. Luciano Chicchi, director-general of the Fiera di Bologna, maintains that it is only through national coordination of activities that Italy's exhibition centers will be able to compete in the European framework of the 1990s. Other wise, he fears, Italy may lose its "fair advantages" to the coordinated



Existing pavilions are being replaced and new ones added to provide more space at the busy Milan Fair.

systems of France and Germany. The Italian government is, in fact, considering the development of such a policy. But in the meantime, individual fair entities are resolving their problems with the innovative entrepreneurialism that characterizes Italian commerce as a whole.

One might add that the attrac-

tion of Italian trade fairs not only lies in the efficiency of their pavilions, but also in the willingness of their staffs to cope with the unexpected, in the charm of their cities (Bologna's food, Verona's architecture, Milan's elegance and style) and in the intangible brio that has always attracted visitors to Italy.

Claudia Fisi

## New Names, New Faces, Same Public-Sector Strategy

The two economists, named to their posts in 1982 and 1983 respectively, were assigned the formidable task of nursing the suffering state companies back to health. Years of well-intentioned but ineptly managed government salvage operations had turned both groups into gigantic receptacles for failing enterprises, weighed down with losses and mired in debt.

Though their styles differed, both Mr. Prodi and Mr. Reviglio adopted similar approaches to restructure the groups. They demanded and obtained greater autonomy from political forces and reorganized the groups, centralizing managerial and decision-making functions. Through closures, cutbacks, consolidations and divestitures, they transformed the unwieldy conglomerates into more streamlined, profit-making operations.

When Mr. Prodi was named head of IRI, the largest of the conglomerates, it had consolidated losses of over 3 trillion lire (\$2.14 billion) on revenues of 37.4 trillion lire. Today, considerably slimmed down, the holding company is showing consolidated profits of 1.26 trillion lire on revenues of nearly 60 trillion lire. When Mr. Reviglio arrived at ENI,

the state energy group's net losses were 1.4 trillion lire against revenues of 38.3 trillion lire. After steady improvement, the group last year showed net profits of 1.31 trillion lire on sales of 32.8 trillion lire.

Both companies, along with EFIM, the third of the state conglomerates, are examples of public-sector companies set up for practical rather than ideological reasons. As Mr. Reviglio points out, the state groups are "not nationalized companies or boards set up by statute to run an industry."

"We are a stock company whose shareholders happen to be the state. But we are organized along the same lines as a private company and are governed by the same rules of private law."

ENI's mandate is perhaps the clearest: to operate primarily in the fields of energy and chemicals, to guarantee an adequate energy supply, to create a chemicals industry befitting the world's fifth most industrialized nation, and to reduce Italy's dependency and vulnerability in both areas.

The arrival of new chairmen to head Italy's major state holding companies is being hailed as the end of the tenure of the "professors" and the start of the reign of the managers. But it was the former — Romano Prodi of IRI (Istituto per la Ricostruzione Industriale) and Franco Reviglio of ENI (Ente Nazionale Idrocarburi) — who laid the foundations for their successors to build on.

IRI is much more diversified and complex. It controls companies from the most traditional and "mature" industries, such as steel and shipbuilding, to the innovative electronics and aerospace sectors. Banking, broadcasting, information technology and transportation also feature among its activities in the service sector.

EFIM, the smallest and most recently established of the three companies, operates chiefly in industrial areas, including metallurgy, glass, aerospace, rail transport and defense. It has had the most difficulty recovering its equilibrium and still

runs losses of 28.5 billion lire on revenues of 4.74 trillion lire.

While it is still true that the choice of managers is subject to political pressures, appointments now tend to be based more on a candidate's qualifications than on political patronage, as often occurred in the past.

Franco Nobili, 64, the new chairman of IRI, is linked to Italy's largest party, the Christian Democrats, as was Mr. Prodi. But he also has long managerial experience in the private sector, having spent most of his career as head of Cogefar, one of Italy's top construction firms. New ENI chief Gabriele Cagliari, on the other hand, is a Socialist like Mr. Reviglio. He is also closely tied to the public sector and to ENI itself, where he has spent the better part of his professional life running ENI's chemicals subsidiaries.

It is still too early for the newcomers to have defined strategies of their own, but both have subscribed to the strategic plan for 1990 developed by the State Holdings Ministry and have indicated that they will generally follow the patterns set by their predecessors. These include modernization, technological advance and the enhanced use of human resources as well as regional development and the promotion of small- and medium-sized companies. The investments planned to achieve these objectives amount to 87 trillion lire for the four-year period from 1989 to 1992.

In addition, the new chairmen have been assigned the task of continuing the recovery and the relaunching of the two companies already begun by their predecessors. Mr. Cagliari has commented that the situation that Mr. Reviglio found when he arrived at ENI was so negative, it could only improve.

"Now that the economic situation is beginning to show signs of weakness, the major problem will be to move forward with the rhythm of the past few years," he says.

The turnaround of IRI and ENI was partially due to the sale and privatization of sectors deemed to be "non-strategic," but some politi-

cal quarters are suggesting even further state withdrawal. So far, however, this notion has not gotten the consensus of the major political parties nor, obviously, of the holding companies themselves.

Mr. Cagliari has declared that ENI could make greater use of the stock market as a source of financial resources to sustain its investment plan, but doesn't believe in indiscriminate privatization.

ENI, like the whole state holdings system, is "a very strong instrument of economic planning," he says. "It doesn't seem to me that the state is willing to give it up. Thus, for ENI, there could be divestitures, just as there could be acquisitions, within the framework of a balanced

relationship between the other two holding companies or sold off.

EFIM is handicapped by operating principally in industrial sectors and lacking significant profit-generating resources like ENI's oil or IRI's banks. There are also those who see no reason d'être for a third holding company, particularly one whose activities overlap in several areas with those of the other two. However, there is so far no indication that the dissolution of EFIM is imminent.

The outgoing managers, at least, are confident that the public-sector companies will be able to meet the challenges of 1992. "I'm not at all convinced that we're going towards a world where only private industries will flourish," says Mr. Valiani. "The Italian formula of state-



Himont (Montedison-Ferruzzi) polypropylene plant in Ferrara.

relationship between public intervention and the market."

Mr. Nobili concurs, saying that he doesn't believe in a "privatistic assault on public companies."

"I think that if the companies function, and function well, we don't have to worry about whether the shareholder is public or not," he explains. The preferred route, instead, would seem to be forms of collaboration both within the state system and with private groups, like those already set up with Enimont, the joint venture of Enichem and Montedison, and the accord between Ansaldo, the electromechanical company of the IRI Group, and ASEA Brown Boveri.

Another problem still to be resolved is that of the survival of EFIM, which remains under the leadership of the third of the "professors," Rolando Valiani. He completes his term of office in February, and EFIM is repeatedly cited as a candidate for dissolution, with

owned groups is the type of public ownership that best respects the rules of free enterprise, since the companies within the group issue the shares."

Nevertheless, certain changes will have to take place, particularly with regard to the still-restrictive procedures that govern many of the holding companies' actions. Mr. Reviglio has emphasized the fact that, after 1992, the public companies "are going to have to be more active on the market."

"There is no doubt that the current requirement for government authorization is a constraint on our efficiency," he concludes. "Suppose ENI wanted to quietly buy up another company's stock and stage a takeover. You can't engineer a takeover if you first have to ask for government permission. There are a series of problems to be resolved and constraints to be removed if we are to be truly competitive."

Ellen Lask

## Economy

Continued from Page 9

the dynamism and sense of urgency shown by business and the politicians' more relaxed approach. What will happen if Italy fails to complete its preparations before the coming deadlines?

Diplomats in the Rome embassies of Italy's EC partners have few illusions. The single market will expose air services and the financial sector, in particular, to fierce competition. Both of these are tightly regulated areas in which Italian performance lags noticeably. The diplomats believe that if Italy does not manage to close the gaps, then it will not hesitate to adopt foot-dragging policies.

Over the past two to three years, EC partners have observed how Italy uses the tactics of delay and evasion on milk quotas and on the closure of the Bagnoli steelworks. In spite of loud protestations of Europeanism, Italy is the EC's worst offender in the non-application of directives.

Credibility and European credentials recently took a further knock. At the Madrid summit this summer, EC leaders agreed on the suspension of aid projects to China. To their irritation, two major EC partners learned that an offer from an Italian consortium to build radar systems for China was supported by aid.

Closer to home, EC partners have trouble understanding Italian policy toward Libya. With the presence of Foreign Minister Gianni De Michelis at the gathering in Tripoli to celebrate the 20th anniversary of Ghaddafi's coup, Italy was out of step with its European partners, who feel that a tougher policy is needed toward a country that openly admits to supporting international terrorism.

Several years ago a lively debate took place concerning the direction Italy should take. Notwithstanding grand schemes envisaging Italy as a pivot or bridge between Europe on one side and North Africa and the Levant on the other, industrialists, with their feet firmly on the ground, declared that their interests lie north of the Alps.

The excellent performance of business, for whom the EC represents nearly 60 percent of total foreign sales, suggests that its judgment is sound. Investment has been strong and well-directed. During the 1980s, Italian manufacturers have shown great ability in designing and producing goods sought in export markets, from the traditional items like automobiles, shoes, fabrics and clothes to high technology products such as robotized manufacturing systems and office automation equipment.

Notwithstanding the deficit on merchandise trade, Italian exports have continued to do well this year. And they have done so while the central bank's exchange rate policy has strengthened the lira, confirming the governor's confidence that firms would accept the challenge of maintaining global market shares.

As the new decade arrives, new challenges will arise. Italian industry appears capable of meeting them. But, when Italy takes the EC presidency in the second half of 1990, the pressure will be on the politicians to produce results.

David Lane



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# ITALY

## Keeping pace with Europe

### Economy Figures High on New Government Agenda

Recent political events in Rome have almost overshadowed the broader continental changes taking place. Economic growth, the intractable public debt, European Community directives and changes in Eastern Europe are simultaneously vying for the new government's attention.

When Prime Minister Giulio Andreotti returned to his offices at Palazzo Chigi at the end of July, the formation of his sixth administration ended a lengthy period of political uncertainty. The veteran Christian Democrat took over from party colleague Ciriaco De Mita, whose government had looked shaky even before he was ousted from the party secretaryship in February.

Few businessmen feel that political musical chairs — the same parties forming a government, generally with the same players in different ministries — provides the stability necessary for effective action. They are increasingly concerned that the country should enjoy a stable and durable administration, especially with important European Community deadlines close at hand.

So what are the prospects for Mr. Andreotti's five-party coalition? On the economic front, overheating is fueling inflation and causing a substantial deficit in merchandise trade. With consumer prices rising at nearly 7 percent annually, the gap between Italy and her partners in the European Monetary System stands at about 3 percent.

The Bank of Italy notes that one of the main factors behind the inflationary pressure has been continu-

ing strong demand. In the first half of the year, consumption in the family sector rose by more than 4 percent. In many sectors supply has only partially been able to satisfy demand, thus allowing import penetration. In the first eight months of the year, the trade deficit amounted to 13 trillion lire (\$9.6 billion), about 70 percent higher than in the same period of 1988.

Many industrialists and economists believe, however, that the problem of Italy's public sector borrowing requirement (PSBR) is even more pressing. A year ago total public sector debt passed the 1 trillion lire mark and now nearly equals GDP. Italy's 125 trillion lire PSBR absorbed 11.5 percent of GDP last year, about five times larger than the average of the other six principal industrialized countries.

This year's public sector spending will probably exceed revenues by 130 trillion lire, about 13 trillion lire above the budgeted figure. Mr. Andreotti's government has set 133 trillion lire as its target for next year's PSBR; its 1990 Finance Law, which will give the legislative stamp to next year's budget, is currently under parliamentary discussion.

The presence of former Bank of



LUCIANO MELLACE/REUTERS

The new government of Prime Minister Giulio Andreotti must reckon with pressing West European deadlines and East European political upheaval.

Italy Governor Guido Carli, an austere and respected figure, in the cabinet as treasury minister provides reassurance that tough policies will be pursued. The Bank of Italy's present governor, Carlo Azeglio Ciampi, has said that the 1990 Finance Law is the starting point for better economic policy.

"Today and in the coming months, the path to balanced accounts requires a steady direction, coherent decisions, careful, continuous checking on budgeted and actual financing, and quick response in correcting any deviation from plans," Mr. Ciampi said at the end

of October. Mr. Andreotti's government faces the task of ensuring that the budget's rigor is not relaxed either during its parliamentary passage or after enactment.

Putting the public sector accounts in order is seen as fundamental to the needs of a modern and open economy. The central bank's governor ties the correction of the public sector deficit to the process under way in the creation of Europe's single market, noting that by July 1, 1990 Italy will have to remove all exchange controls on short-term capital movements.

In preparing for 1990 and 1992,

in addition to tackling the PSBR, the government must ensure that parliamentary approval is given to several important items of legislation affecting business. These include the Amato bill on public sector banks, anti-trust legislation and measures on securities trading, takeovers and insider dealing.

Past performance by Italian governments does not bode well. The country's political and state machinery does not compare with the efficiency and achievements of industry. There is a contrast between

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FRANCESCO GATTONI

A new name enters  
the Italian banking scene

## Banco Ambrosiano Veneto

The name is new but *Banco Ambrosiano Veneto* is no stranger to the Italian banking scene.

Banca Cattolica del Veneto was founded nearly one hundred years ago while the original Banco Ambrosiano opened in Milan in 1896. Their merger creates one of Italy's major banks with assets of 23.7 bn lire and deposits of 16.6 bn lire (\$ 17 m & \$ 12 m).

Both banks have been working together for the past few years. As NBA was the controlling shareholder in BCV, their complete integration is a logical development.

The 350 banking branches are especially strong in the major economic centers of Northern and Central Italy.

During the current year, however, the Group has opened up in the South by the acquisition of a bank with 12 branches near Bari as well as having acquired 5 branches situated near Naples. These locations have been selected as a result of studies indicating their economic potential.

The fact that *Banco Ambrosiano Veneto* will be Italy's leader in the private sector will enable it to compete very strongly in terms of speed and flexibility. Already, thanks to its specialised subsidiaries, it provides a comprehensive range of financial services including merchant banking, fund management, leasing, factoring, consumer finance and insurance brokerage. It enjoys good working relationships with some 3,000 banks throughout the world.

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## ADVERTISING SECTION

## Corporate Strategists Aim for Exports

Having staged a remarkable comeback during the past decade, Italian companies now must confront the challenge posed by the single European Community market. A handful of corporate giants confidently lead the way with cross-border alliances, international financing and humming productivity. In their wake follow hundreds of other Italian businesses eager to greet 1993 on an equal footing with their EC counterparts.

Industry's robust performance should continue into 1990 as the Italian economy promises to sustain an annual growth rate of better than 3 percent. Inflation is likely to ease to around 6 percent from the current 6.6 percent, thus holding down labor costs. And the democratization process under way in Eastern Europe could open new markets for Italian exports.

With 1989 consolidated revenue expected to top 52 trillion lire

## Eastern Europe could open new markets for Italy

(\$38.5 billion) — equal to around 5 percent of gross national product — Fiat is far and away Italy's largest private-sector group. Automobiles, commercial vehicles and construction machinery account for 60 percent of turnover, and last year the Turin-based company edged out Volkswagen as Europe's leading seller of automobiles, thanks largely to the runaway success of its new Tipo model.

Under the hands-on ownership of the Agnelli family, Fiat has also expanded its interests in areas such as food, construction and publishing. A close ally is France's BSN-Danone, with which Fiat recently acquired the Italian food concern Galbani. Through various subsidiaries and holding companies, Fiat also wields considerable power in the banking, insurance and financial-services sectors. This year its Gemina SpA affiliate launched a closed-end investment fund with Chase Manhattan Corp.

Fiat shares began trading on the New York Stock Exchange last June. The company also announced that it would spend up to one trillion lire to buy back more than 4 percent of its stock. The operation, explains Fiat president Giovanni Agnelli, "seems to be a sound investment, a proof of faith in ourselves and probably even a good bargain."

Italy's second largest conglomerate, the agroindustrial Ferruzzi Montedison group, has significantly reduced debt and rationalized the

group's diverse activities, which include sugar and soya bean processing, petroleum, chemicals, engineering, insurance and construction materials. Chairman Raul Gardini has also found an important French ally. Paribas owns 1.5 percent of Ferruzzi Finanziaria SpA, the group holding company, which in turn owns 1.3 percent of the Paris investment bank.

To further consolidate his control over key units, Mr. Gardini proposes to buy back the outstanding shares of two subsidiaries quoted on the New York Stock Exchange: polypropylene manufacturer Himont Inc. and pharmaceuticals company Erbamont NV. Mr. Gardini has also ironed out differences regarding the organizational



Carlo De Benedetti, chairman, Olivetti.

structure of Enimont, the chemicals joint venture between Montedison and state-owned Enichem.

Ferruzzi has demonstrated a serious commitment to developing alternative applications for agricultural products. Current research is focusing on methanol and biodegradable materials. "I think we will see significant progress in this field over the next five years or so," says Giuseppe Garofano, managing director of Ferruzzi Finanziaria.

After its amicable divorce from AT&T, computer maker Olivetti appears disinclined to seek other partners, preferring to set an independent course. Carlo De Benedetti's flagship company is counting on innovative products — such as its

newly unveiled Cp 486, or "computing platform" — and customized systems to boost sagging profits. And as a possible prelude to further acquisitions, the company is raising 1.2 trillion lire in fresh capital through a share increase.

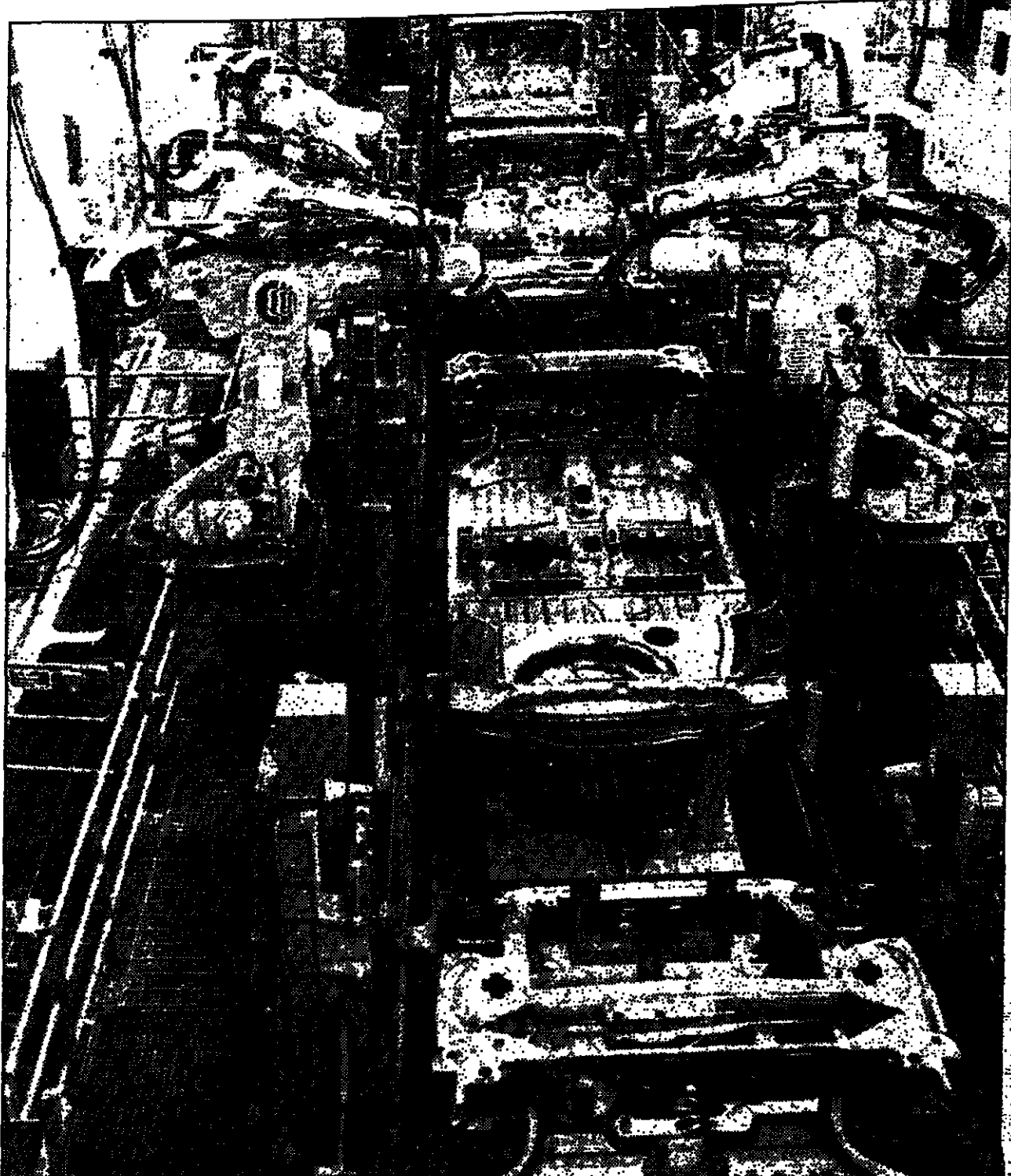
Mr. De Benedetti's holding company CIR won a protracted battle for control of Arnoldo Mondadori, Italy's largest publishing house, in addition to the daily newspaper La Repubblica. Mr. De Benedetti has also been expanding his industrial and financial investments around Europe through a series of holding companies in France, Spain, Portugal, Greece and, most recently, Hungary.

Silvio Berlusconi is another Italian entrepreneur interested in Eastern Europe as an emerging market. Owner of Italy's three largest private television stations and the biggest advertising sales company, Mr. Berlusconi has won exclusive contracts to sell commercial space on the Soviet Union's and Poland's state-run television channels.

Mr. Berlusconi's closely held Fininvest SpA also controls the Standa department store chain, which appears increasingly eager to reach an accord with the rival Rinascente group, controlled by Fiat. "The motives for an agreement are strong," says Mr. Berlusconi, "because it would allow both companies to meet the growing foreign competition in the sector."

There is also bound to be increasing ferment in the insurance sector, where few companies are big enough to compete on a Europe-wide basis. The largest, Assicurazioni Generali, derives 40 percent of its premiums — estimated at 12 trillion lire in 1989 — from EC members. The Trieste-based insurer owns seven operating units in West Germany and 20 percent of French financial-insurance concern Midi-Axa.

Although tiremaker Pirelli was outmaneuvered by the Japanese Bridgestone Corp. in a duel for Firestone Tire & Rubber Co. last year, it did gain a firm foothold in the U.S. market with the acquisition of the smaller Armstrong. Pirelli has since replenished its war chest



New models like the Tipo have helped make Fiat Europe's leading seller of automobiles.

with a public offering of shares in the newly created Pirelli Tyre Holding NV, which groups together the company's worldwide tire operations. It is looking at possible acquisitions in the Far East and is currently negotiating the construction of a \$450 million plant in the Soviet Union.

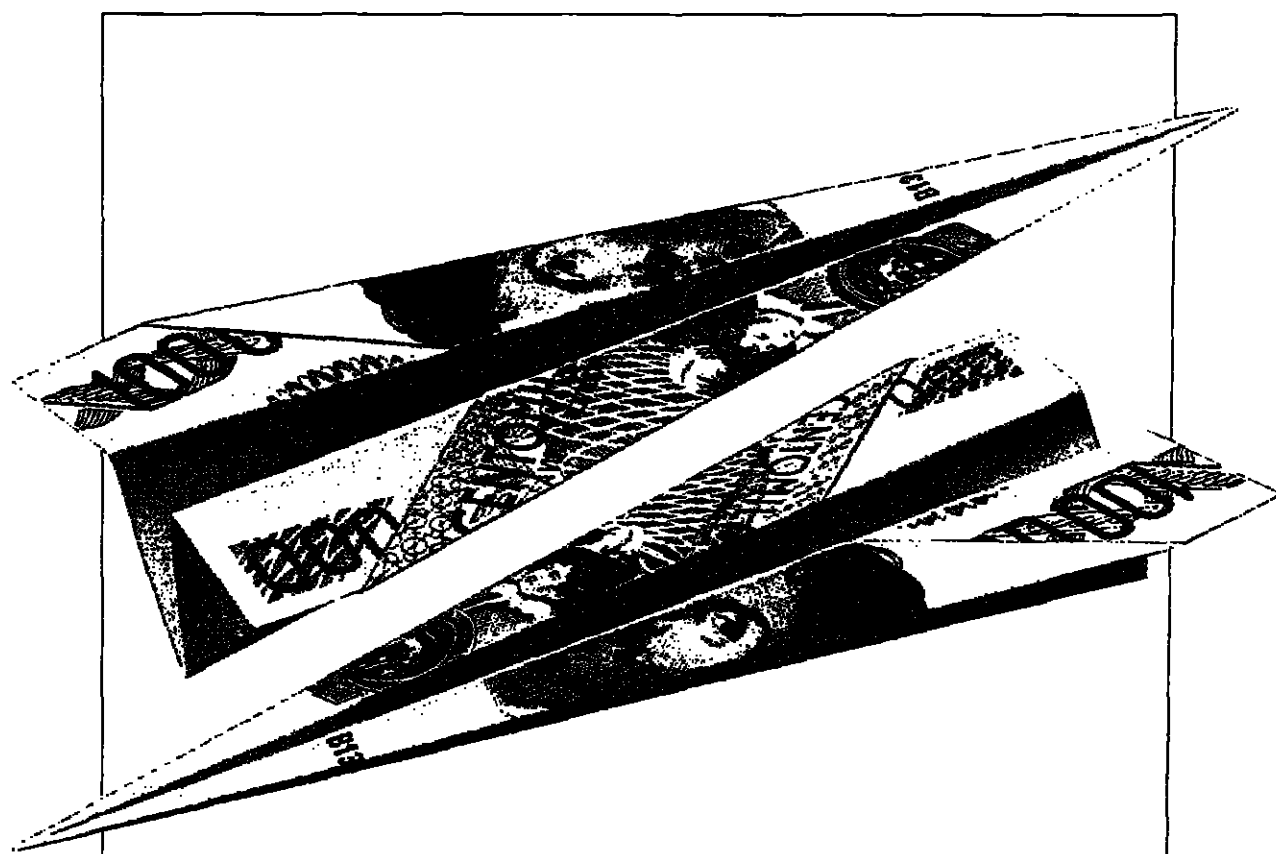
If large Italian corporations can rely on substantial cash reserves and share offerings to meet expansion needs, their small- and medi-

um-sized brethren must resort to high-interest bank loans. Only around 200 companies have public listings, while leveraged buyouts and investment funds have just begun to offer an alternative to old-fashioned family management structures. Many firms also face state-subsidized competitors in sectors like steel, food and telecommunications, and government borrowing to finance its huge public debt diverts investment capital

from private business. The country's inefficient public services and a cumbersome bureaucracy could further hinder Italian companies' performance on liberalized EC markets.

"The impetus necessary to improve public administration will probably have to come from the EC rather than from Rome," says Piero Bassetti, chairman of the Union of Chambers of Commerce.

Michael T. Klumcutt



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### Calendar of Events, first half of 1990

January Milano Collezioni Uomo  
Fashion

January Milanovendemoda Uomo  
Fashion

18 - 22 January Chibicar '90  
Int'l Gift Articles, Knick-Knacks and Perfumery Items Exhibition

18 - 22 January Carl '90  
Int'l Stationery Exhibition

25 - 30 January  
28 Salone Internazionale del giocattolo  
Toys

4 - 6 February Mias Invernale '90  
Int'l Market of Sports Articles and Camping Equipment pav. SUD

6 - 9 February I.CO. GRAPHICS  
Int'l Computer Graphics Congress

9 - 12 February Macel Spring '90  
Int'l Household Articles, Gift Articles, Silverware and Goldsmith Products

16 - 19 February Milfor  
Nursery-Gardening Tools and Accessories pav. SUD

20 - 24 February USA TECH EUROPA

21 - 25 February B.I.T. '90  
Int'l Tourism Exchange

2 - 6 March Milanovendemoda Studio  
Fashion

2 - 6 March Milanovendemoda Donna Italia  
Fashion

2 - 6 March Contemporary  
Presentation of Avant-Garde International Fashion Collections

2 - 6 March Modit  
Int'l Presentation of Women's Collections

4 - 8 March Milano Collezioni  
Presentation of Autumn/Winter '90-91 Collections

8 - 12 March 27° Mostra Convegno Expocomfort  
Int'l Heating, Sanitary Fixtures and Bathroom Furniture Exhibition

16 - 19 March 57° Mipel  
Int'l Exhibition of the Italian Leathergoods Market

21 - 25 March 26° Comis/Pel  
Int'l Furs Market

22 - 24 March Moda In  
Fabrics and Accessories pav. SUD

March Software Market IBM

23 - 26 March 9° Eurocucina  
Int'l Kitchen Furniture Exhibition

23 - 25 March Milanoff '90  
Stamp-Collecting

30 March - 8 April Internazionale dell'Antiquariato  
Antiques

1 - 8 April 15° Mipan  
Int'l Exhibition of Machinery, Equipment and Products for Bread and Pastry-Making

4 - 8 April Fluidtrans Compomac  
Int'l Power Transmission Drive and Control Equipment and Engineering Design Biennial Exhibition

21 - 29 April Grande Fiera d'Aprile  
Trade Fair

21 - 29 April Euronatura  
Natural Foods, Products and Cosmetics

21 - 29 April Verde Incontro  
The Garden of Gardens

9 - 13 May Movint '90  
Int'l Exhibition of Industrial Goods Transfer

11 - 14 May Mido '90  
Int'l Optics, Optometry and Ophthalmology Exhibition

11 - 14 May 15° Mlad  
Int'l Confectionery Exhibition

24 - 27 May Star '90  
Int'l Household Furnishings Textiles Exhibition pav. SUD

24 - 27 May Settore "Editori Tessili"  
Floor Fabrics, Carpeting, Wall Coverings

24 - 29 May Interbimil '90  
Int'l Machinery and Accessories for Wood Processing Biennial Exhibition

24 - 29 May 12° Saamil  
Int'l Exhibition of Accessories and Unfinished Products for Furniture Manufacturing and Finishing

1 - 4 June Chibidue '90  
Int'l Gift Articles, Knick-Knacks and Perfumery Items Exhibition

June Esma  
Int'l Knitwear Exhibition

11 - 14 June Come  
Corporate Communications and Publishing Show



## Moves to Strengthen Bank Sector After Record Year

"Demand for credit has been strong and profits will be better than last year," says Piero Barucci, chairman of Associazione Bancaria Italiana (the Italian banking association, ABI). Though ABI's report on the half-year results of the country's 60 largest banks has not yet been published, announcements from individual banks provide firm ground for optimism.

The poor 1987 performance, when operating profits fell by 14.7 percent and net profits slipped by 11.1 percent, has now receded into the background of the collective memory of Italian bankers. The fa-

### Mergers between large banks are unlikely

vorable signs and positive expectations for 1989 follow good aggregate figures from the country's credit system last year. The figures published by the Bank of Italy at the end of May revealed the strong recovery made from the disappointing results in 1987.

Operating profit rose by 22.8 percent to a record 15,987 trillion lire (\$11.8 billion) in 1988, regaining ground lost in the previous year and improving substantially on 1986's good results. And, in spite of high-end provisions, the overall bottom line was also healthier. For the first time, aggregate net profit exceeded 5 trillion lire. At 5,363 trillion lire, it was 26.5 percent higher than 1987 and 12.3 percent better than 1986.

Improvements in results provide a clear reference point in a confusing Italian banking scene that bubbles with talk of mergers, cross-border operations and legislative change. Major issues like reshaping public sector banks (which hold two-thirds of the market), capital ratios, the structure of banking groups, internationalization and relationships between the financial and industrial sectors have been locked in the spotlight.

A lively debate, to which senior bankers have contributed a healthy dose of critical comment, is setting the stage for Italian banking in the 1990s. Addressing ABI's annual meeting in June, Mr. Barucci, who combines the association's chairmanship with heading the world's oldest and one of Italy's biggest and most profitable banks, Monte dei Paschi di Siena, did not pull his punches.

"Our capacity to become European banks must recognize how matters stand. We must not delude

This year is turning out well for Italian banks. Final results should be reason for satisfaction when directors gather in boardrooms next January. With less than two months until year-end closure of accounts, senior bankers are confidently predicting that 1989 will rank as the best year ever.

ourselves that the passage of time can compensate for our shortcomings. Operating in a protected market has given us the appearance of strength but has made us weaker," stated Mr. Barucci.

He noted, "Our system is less efficient than others that have been able to work freely on international markets, that operate in currencies having significant markets beyond their borders and that enjoy ownership structures and legislative frameworks that have encouraged reorganization and a gradual restructuring process."

Mr. Barucci called on parliament to create the right conditions for concentration within the system. He wants less political interference and freedom for the banks to make their own decisions.

Equally tough words are spoken by Gianni Zandano, chairman of Istituto Bancario San Paolo di Torino, the large Turin bank, which often wins plaudits for its dynamism. Mr. Zandano identifies staff costs as an element of vulnerability and a critical point to which Italian bankers must give attention. High growth of numbers and significantly greater unit costs are cause for concern.

"One can assume that the fundamental economic condition which has allowed the Italian system to support staff costs higher than other countries is higher earnings from financial intermediation on the domestic market," he says. The wider interest spreads applied by Italian banks provide the higher earnings.

Mr. Zandano, like Mr. Barucci, is concerned about the fragmentation of a banking system in which about 1,100 different credit institutions operate. "The problem of size needs to be faced. The Italian system is characterized by a low level of concentration and does not possess a real nucleus of reference operators, pivot banks able to lead the market. No Italian bank holds a market share greater than 5 percent, and no Italian bank is placed among world or European leaders," he observes.

"The presence of Italian banks in international markets seems unsatisfactory in quantitative and qualitative terms," Mr. Zandano told

ABI's Progetto Europa earlier this year. He believes that in many cases banks have established offices or branches abroad for "image rather than operational reasons."

Leading Italian bankers recognize the problems and are aware of the need for change. Moreover, they are making efforts to improve and strengthen the banking system. In-



Prof. Giovanni Bazoli, CEO, Nuovo Banco Ambrosiano.

deed, 1989 could be remembered as the year in which talk and words of concern gave way to action and facts.

There have been encouraging signs that concentration is possible in a system in which composition of bank boardrooms reflects the delicate equilibrium of political power. The announcement in February that Rome's savings bank Cassa di Risparmio di Roma was acquiring control of Banco di Santo Spirito from state holding corporation IRI followed nine months of bargaining to win Socialist Party consent. With the savings bank traditionally in the Christian Democrats' sphere of influence, its doubling in size through the acquisition of Banco di Santo Spirito represented a significant change in the political balance.

Other evidence that Italy's banking system is taking to heart the central bank's encouragement of concentration was also given in February. In fact, Milan-based Nuovo Banco Ambrosiano preempted the Cassa di Risparmio di Roma by one week with the announcement of plans to absorb its

Banca Cattolica del Veneto subsidiary. This operation has created Italy's largest private sector bank, with nearly 450 branches and total assets of about 26 trillion lire.

"The financial strength, operating capacity and territorial coverage of the new bank mean that it will compete successfully in national and international markets. This union has always represented an ideal, given the complementary nature of the two branch networks and the various internal functions. We are firmly convinced that, once united, our two banks will be able to do up to now on its own," says Giovanni Bazoli, chairman of Banco Ambrosiano Veneto.

"Jobs are lost when two banks become one and difficulties arise over staff choice, particularly for the top posts," notes Mr. Bazoli. This is a deterrent to mergers among public sector institutions. Politicians have a profound interest, as board appointments are part of a deeply rooted spoils system and must take account of political power balances. Fewer directors means fewer possibilities of rewarding the political faithful.

However, this particular obstacle could soon be overcome if, as expected, draft legislation prepared by former Socialist Finance Minister Giuliano Amato reaches the statute book before year-end.

Under this new law, the savings banks and the large public law credit institutions will be able to spin off their banking operations into joint stock companies. The original associations and foundations, which today are the banks themselves and to which appointments are made, will remain as holding corporations. The path to stock market quotation, mergers and privatization of banks will thus be opened.

There is, however, skepticism about the prospect of mergers between larger banks. Though there has been speculation about IRI's three national interest banks (Banca Commerciale Italiana [BCI], Credito Italiano and Banco di Roma) joining forces, this seems unlikely. The probable scenario involves large banks absorbing medium and small ones, and small and medium banks getting together.

"I doubt that there will be mergers between large banks. Such operations are easy to talk about but difficult and lengthy to implement," says Mario Arcari, BCI's managing director. Already a joint stock company and quoted on Milan's "borsa," BCI is financing vig-



Istituto Bancario San Paolo di Torino's head office.

orous expansion through profits and rights issues.

BCI and the other two IRI banks will not benefit when the Amato bill is enacted. But raising fresh capital will be easier for others. Tapping the market should allow the large southern banks, Banco di Napoli and Banco di Sicilia, and the 12 savings banks that currently fall short of the Bank of Italy's capital adequacy requirements, to bring their ratios up to scratch. When these minimum requirements were introduced three years ago, Italian banks were given four years from June 1987 to get into line, so passage of the Amato bill has become a pressing issue.

Even the strongest public sector banks, such as Istituto Bancario San Paolo di Torino, Milan's Cassa di Risparmio delle Provincie Lombarde (Cariplo) and the Cassa di Risparmio di Torino, will be affected by the law. For them it is most likely to represent an opportunity to raise fresh capital to further strengthen their positions in an increasingly competitive banking sector.

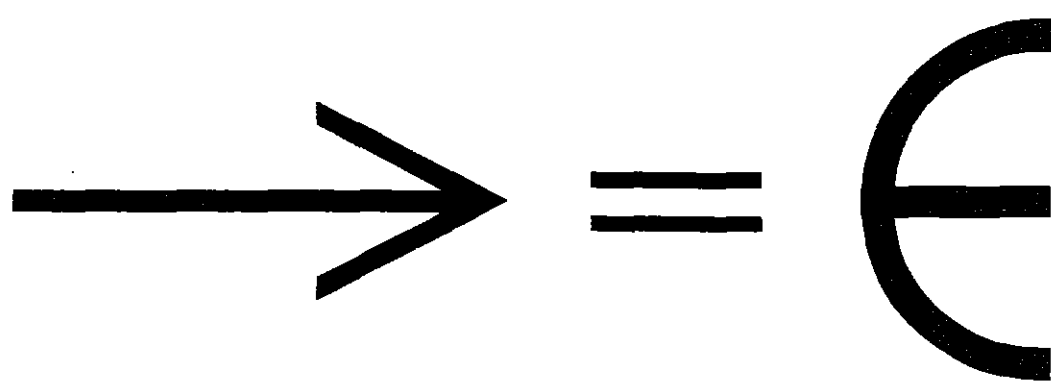
While attention is focused on parliament and public sector banks, other important developments are

under way. The process of deregulation has brought a relaxation of Bank of Italy rules on branch openings, which will allow the country to discard its under-branched label. And with the abandonment of its "branch plans," the central bank removes an issue of contention.

Yet another controversial matter has raised its head this year, centering on the relationship between industry and banks. With industrial groups showing keen interest in acquiring banking stakes, the authorities' firm line on a net separation of banking from industry, enshrined in the 1936 Banking Law enacted after bank crashes caused by ties with industry, is under threat.

Italian banking is in a period of change. Permitted relationships between insurance companies and banks have been defined. Merchant banking operations linked to retail banks are developing. But the debate on structure — multifunction groups against universal banks — is unresolved. By the end of 1990 things should be clearer. And it will be interesting to see then which foreign banks have joined the increasing number taking stakes in Italy's banking sector.

David Lane



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# Ceausescu's Gamble: Challenging Soviet Borders

By Barry James

International Herald Tribune

In calling for the Soviet Union to relinquish its sovereignty over territory it acquired as a result of its 1939 pact with Hitler, President Nicolae Ceausescu of Romania has raised the "B-word" long pushed to the back of the European consciousness — the issue of disputed borders.

Deeply at odds with the Soviet Union over its failure to institute political changes, Mr. Ceausescu struck back during an address to the 14th Romanian Communist Party Congress this week by demanding that Moscow give up the territories that fell into the Soviet orbit as a result of the secret clauses of the German-Soviet nonaggression pact of Aug. 23, 1939.

"All agreements drawn up with Hitler's Germany must be unequivocally condemned and annulled," Mr. Ceausescu said, according to excerpts of his speech published by the news agency Agerpres. "We must draw the logical conclusions

and reverse the consequences of these agreements and dictats." The territories include not only the Baltic Republics of Lithuania, Latvia and Estonia, but also Bessarabia, where the population is predominantly of Romanian origin. Romania seized the territory during World War II. The Soviets took it back in 1944.

## NEWS ANALYSIS

along with a slice of Romania called Bukovina, and made them the nucleus of its republic of Moldavia.

Nationalist ferment, long suppressed, is again emerging in Moldavia, which has a population of about four million. Romanian-speaking nationalists seeking to ban use of the Russian language in favor of Romanian touched off a strike by Russian workers in September and led to the fall of the Moldavian party leader this month. Mr. Ceausescu himself is not immune from such problems. Roman-

ia has a large Hungarian-speaking minority and a simmering border dispute with Hungary.

But he apparently gambled that by playing with fire and referring, however obliquely, to the situation in Moldavia he would gain popular support in his own country at a time when he is holding out against the progressive tide running throughout much of East Europe.

In bringing up the Moldavian question, Mr. Ceausescu put his finger on issues of deep sensitivity for the Kremlin — first, that of the nationalist currents in many of the non-Russian parts of the Soviet Union, and second, the long-dormant question of Europe's postwar frontiers.

"Everyone is talking about the reunification of Germany," said John Edwin Mroz, president of the Institute for East-West Security Studies, a private research organization in New York. "But the real issue we should be talking about is that of final and guaranteed borders. The question then becomes

what borders of the Soviet Union do we recognize?"

In Helsinki last month, President Mikhail S. Gorbachev of the Soviet Union urged a conference in 1992 between the European nations, the United States and Canada — in effect a resumption of the Conference on European Cooperation and Security, which ended with the 1975 Helsinki Final Act.

Mr. Mroz said the Soviet Union's main purpose in trying to gather such a meeting would be to draw a definitive map of Europe.

"I am willing to wager that this will come up during the Malta conference," Mr. Mroz said, alluding to the Bush-Gorbachev meeting Dec. 2 and 3.

The Helsinki Final Act did not, as the Soviets sought, establish definitive frontiers. It allows for the "peaceful" changing of borders, thus leaving potentially explosive issues, such as the frontier between Germany and Poland, unresolved.

However, since current leaders are in their determination not to

allow these unresolved frontiers again to become a cause of conflict, the danger is that trouble could again emerge because of the very issues raised by Mr. Ceausescu.

"There is a tremendous surge of nationalism," Mr. Mroz said. "What you have now is the unpredictability of populations rather than the unpredictability of leaders, which is what we used to worry about." An exception is made for the Romanian president, he added.

Until the question of borders is finally resolved, he said, the Soviet Union cannot allow the dismantling of the rival military alliances, the Warsaw Pact and the North Atlantic Treaty Organization, which is its declared long-term aim.

If the frontier issue were to erupt again, Europe could find itself in the explosive situation that existed between the wars, Mr. Mroz said.

"This is why there is now increasing sympathy in Washington for the fact that Gorbachev is going to have to take some strict measures internally to prevent disintegration from taking place," he said.



A Czechoslovak youth shouting for freedom Wednesday at a protest on Wenceslas Square in Prague.

# In Snow of Wenceslas Square, a Burning Passion

By Robert K. McCabe

International Herald Tribune

PRAGUE — On Wenceslas Square in the heart of this stormy capital, Wednesday's heavy snowfall failed to snuff out the candles that burn day and night at the spots where beaten students lay bleeding after the police repression Friday.

All through the day, Czechoslovaks gathered to lay more flowers and light candles, and as darkness came, tens of thousands swarmed to the square for what has become the evening ritual mass demonstration against the besieged government led by Milos Jakes.

Rumors and confusion abound. One rumor said that the workers at CKD Polovnice Praha, a Communist stronghold for decades, had issued a formal statement condemning the government for the brutality against the students, demanding an investigation and urging that the guilty be punished. Unlike the city center, positions, demands and accusations are plastered on walls, shop windows, kiosks and even vehicles. Each cluster draws its knot of anxious citizens, trying to sort out fact from rumor, weighing argument against argument.

At metro stations, street corners and on Wenceslas Square, there are heated arguments, a few defending the regime, most denouncing it.

Typical of the confusion was a Wednesday morning press conference by the newly formed Civic Forum opposition group held in an art gallery just off the square. Civic Forum is the recognized platform for the dissidents. Its spokesman is the writer Vaclav Havel, who has, partly against his will, been coaxed into a leading role.

Half an hour before the conference was due to begin, 300 foreign and local journalists speaking a welter of languages were crammed into a narrow passage leading to the gallery entrance. The tension was briefly broken, by a worker carrying four sheets of glass down the passage. "Make way," someone said, "for the working class."

When the doors finally swung open, the reporters sprinted up the stairs to the gallery, brushing aside organizers and spokesmen and leaving at least one of the latter stranded outside.

Mr. Havel's statement, apart from the group's previous demands, contained one bit of news: Letters had been sent to President

George Bush and the Soviet leader, Mikhail S. Gorbachev, arguing that the present Czechoslovak government, installed by the Soviet intervention of 1968, was illegitimate in place and thus must be removed.

More striking was the disorder surrounding the conference. "This is a revolution still at ground zero," an observer said. "Ideals are plentiful but leaders absent," he continued. "Debate is constant but implementation nowhere in sight."

A historian, prominent during the "Prague Spring" movement of 1968 and relegated to manual labor as a result, summed it up this way: "Citizens' Forum is still improvising. There are too many voices. In another two months, this will all filter out."

But that, perhaps, is the key to the excitement. It is in the clash of ideas, the passionate arguments in committee rooms and on the streets in the cellars of private clubs and late-night taverns, that life is taking shape for the Czechoslovaks, silenced since 1968.

And as the debates flame on, the reasons for the recent change are still painfully visible. Along Nardonsky street, the candle flames flicker and passers-by stop to remember. The police are on full alert. "We know

this government is capable of cruelty at any moment," a Czech friend says.

It all comes down, in fact, to those flickering flames along Nardonsky and the length of Wenceslas Square, the heart of the capital and traditionally the center of protest. At the towering statue of the saint, factory workers, students and artists take turns reading their demands. The statue itself is covered with banners and slogans demanding reform, the end of violence, democratic dialogue and an end to the Jakes government.

Citizens come and go, reading the slogans and listening to the speeches. Many are young. "These are the children of the generation of 1968," a Czech says. "The old are playing it safe." The faces reflect doubt, excitement, concern, even fear.

But above all, the mood is one of exhilaration. "The mountain has begun to move," a local businessman says, "and nothing is going to stop it now."

As the speeches go on, day and night, the vigil for the students is kept. The snow floats down, the candles flicker bravely on and the flowers are continuing reminders of the brutality by which a tottering government finally seems to have lost its mandate.

## SIBERIA: Muted Discontent

(Continued from page 1)

the protesters again applauded as he left.

In the rally at Wenceslas Square, the demonstrators overflowed into side streets despite official warnings that the security forces were being planned to crush unrest.

The police were not in evidence in the vast square, although the Communist Party daily, Rude Pravo, had warned on its front page, "Order must be introduced in the country and in the capital."

But there were signs of an official softening. The Communist-controlled National Front organization issued a statement saying that changes were "not appearing as fast as people want."

The front, chaired by Mr. Jakes, also said it regretted that people were injured in an anti-government demonstration on Friday.

The reaction to police violence against a student demonstration Friday, when at least 38 persons were injured, has galvanized the protest movement.

Speaking to the euphoric, flag-waving crowd Wednesday, Mr. Havel, a playwright and veteran human rights activist, said: "Those who have been taking bloody vengeance against all their rivals for so many years are now afraid of us. But we are not like them and we don't want to take vengeance on anyone. We only want to take control of our country."

When Mr. Silhan read out the names of Mr. Jakes and other members of the Communist Party's

## PRAGUE: Dubcek Enters Debate

(Continued from page 1)

ruling Presidium, the crowd greeted each one with resounding cries of "Resign! Resign!"

The demonstration was organized by Civic Forum, which is also coordinating plans for a two-hour nationwide general strike Monday.

University students, theaters, the main symphony orchestra, film studios and two leading soccer teams have already gone on strike to protest the police violence of Friday.

Many factories have voted to take part in the strike, which aims to force the resignation of the current leadership and open a political dialogue on the future. Journalists at the state news agency CTK have also pledged to strike.

Elsewhere in Czechoslovakia, 80,000 students and intellectuals held sit-in strikes and claimed growing worker support for the general strike.

Workers interviewed at Prague's giant CKD works, where at least 1,400 voted to back the two-hour work stoppage, said that units of the People's Militia, the Communist paramilitary police, were guarding gates at their plant.

Prime Minister Ladislav Adamc, who met four Civic Forum representatives Tuesday to try to halt the mounting unrest, said that he was prepared to allow non-Communists into the government.

But the forum says it does not regard that meeting as the start of a genuine dialogue. When one of its founders told the rally, "The statement issued by the government is disputable," the demonstrators roared back: "That's true!"

(Reuters, NYT, AP)

# From Russia, With Feeling: An Apology to Prague

New York Times Service

MOSCOW — A Soviet newspaper on Wednesday published a leading novelist's passionate apology to the Czechoslovak people for the 1968 Soviet-led invasion of Prague, in which he called it a "collective murder" that introduced a Stalinist regime.

The open letter by Daniil Granin, who is also a member of the Soviet parliament, was by far the strongest condemnation of the invasion yet aired in the Soviet press, and it carried added meaning as protesters filled the streets of Prague demanding the ouster of the order introduced in 1968.

In the absence of official Soviet comments on events in Prague this week, the loosening of restrictions on writing about the subject is like a gift to the city, here and in Prague — as a gesture of sympathy with the people of Czechoslovakia.

Mr. Granin said that the crushing of "Prague Spring" and the ensuing 20 years in Czechoslovakia had shown what misery await the

Soviet Union if President Mikhail S. Gorbachev's program fails.

"That was the first perestroika in the Socialist countries, and we crushed and slandered that perestroika," Mr. Granin said in the weekly Moscow News, which is said to have a wide readership in Czechoslovakia.

"It was collective murder," he said.

"How many lives and fates have been destroyed, and how much disillusion, anger and grievance have accumulated over these years toward your own dogmatic, triumphant Stalinists, and toward us, their sponsors and protectors?" he wrote.

Mr. Granin did not name any of the current Czechoslovak leaders, but Milos Jakes, the Communist Party chief, headed the commission that purged tens of thousands of Czechoslovaks from the party in the years following the invasion.

Fyodor M. Burlatsky, a newspaper commentator and member of the Soviet parliament, said that

while individual writers and scholars may now be free to criticize the 1968 invasion of Prague, it would probably be some time before the Soviet government itself revises the official version — that the action was justified to prevent a Western-influenced overthrow of communism.

Mr. Burlatsky said that a statement from an official would be interpreted by the Kremlin's allies in Prague as meddling in internal Czechoslovak affairs.

"Professors, scientists, public organizations can give their appraisals of those events," Mr. Burlatsky said. "But so far, I think on an official level we're not ready, because events in Czechoslovakia itself are developing."

Mr. Granin, however, lent an official air to his letter by identifying himself as a people's deputy.

Authorities in Prague are acutely sensitive to accounts in the official media, and only mild recriminations about the 1968 invasion have been allowed into the Soviet press.

After a local television program broadcast a sympathetic interview earlier this month with Alexander Dubcek, who was deposed as party leader after the invasion, Czechoslovak officials filed a formal complaint to Communist Party leaders in Leningrad, according to an editor of the program.

Mr. Granin said that similar comments had only recently been edited out of an article he wrote for another Moscow publication, Sovetskaya Kultura.

"One after another the ideological bans are being lifted," Mr. Granin wrote. "There are only a few left, and among them is one of the most painful taboos — the 1968 events in Czechoslovakia, our tanks in the streets of Prague."

In his letter, addressed to friends in Czechoslovakia, Mr. Granin portrayed the invasion as the snuffing out of the original perestroika.

"If Brezhnev's clique had not strangled your perestroika, how easier it would have been for us now, what valuable experience we

might have had," he said. "This is probably the main lesson of our illegal, damaging interference."

"The news that came that August was a shock for all of us," he wrote, describing how friends and families split over the issue.

"Never before had we felt such shame for our country, for our party, for our government."

Mr. Granin praised those who dared to protest publicly after the invasion, most of whom were expelled from the party, fired from jobs or "secretly taken to prisons and psychiatric hospitals."

"Our conscience is sick: the Berlin Wall, the war in Afghanistan, Prague," he wrote.

—BILL KELLER

## 19 Pardons in Guinea-Bissau

Reuters

BANJUL, Gambia — President Joao Bernardo Vieira of Guinea-Bissau has granted an amnesty to 19 people jailed for their part in a 1985 coup attempt.

## SIEGE: Green Berets Leave San Salvador Hotel After Rebels Quit Area

(Continued from page 1)

tel from rebels without a shot. But Martin Fitzwater, the president's spokesman, said the commandos did not see action because the overnight standoff had ended by the time they arrived.

Mr. Bush, aboard Air Force One, said that the U.S. team was joined by Salvadoran special operations forces. He said he consulted with President Alfredo Cristiani about the action but that the decision to go forward had been his alone.

"They were our special operations that I sent down there," Mr. Bush said. "When you see Americans held hostage like this, there's a

message in all this. This president, backed by our defense secretary, will stand to protect the lives of Americans wherever we can."

The soldiers inside the hotel, members of the 7th Special Forces Group based at Fort Bragg, North Carolina, had been in El Salvador at the end of a two-week training mission, said a Bush administration official. He said they had been scheduled to return home Tuesday, when the hotel was besieged by the rebels, and that they were not among the 55 U.S. military advisers stationed in El Salvador.

Most of the 15 to 20 guerrillas in the hotel apparently slipped away

during the night, one of the Green Berets said. "We watched them and could have shot them if we wanted to, but that's not our job," he said.

Tuesday's raid was the latest in a series of guerrilla thrusts against government troops that began Nov. 11. At least 1,000 people have been killed in the offensive, the biggest in the rebels' decade-long war.

The Green Berets had been holed up near a stairwell on the fourth floor of the hotel's five-story "VIP Tower" annex while government troops conducted a house-to-house search in the wealthy El Encanto neighborhood. Three bodies lay

in an adjacent street; dozens of telephone poles had been toppled and the hotel bore thousands of bullet holes. Rifle shots were heard in the area until about half an hour before the Green Berets made their break.

Guerrillas of the Farabundo Marti National Liberation Front had seized the hotel annex Tuesday, trapping the Americans, civilian guests and Joao Clemente Baena Soares, the secretary-general of the Organization of American States, who was on a peace mission. Salvadoran soldiers surrounded the building, and the civilians and Mr. Baena Soares were evacuated.

## BEIRUT: Target Was Peace Pact

(Continued from page 1)

bomb in 1982, and now Mr. Moawad, 64, a Maronite Christian killed on the 46th anniversary of Lebanon's independence as he returned from a reception to celebrate it.

Lebanese officials said they would meet quickly to elect a new president. While that may be true, it is equally true that the assassination has put off for a long time at least any serious hope of ending the 14 years of civil war in Lebanon, leaving that country open to any number of violent scenarios.

The search for the authors of the crime is already on, and in Lebanon revenge always follows. But more important, the Taif accord looked good mostly on paper, but not in fact. Despite Arab and international support, it was strongly opposed by a number of ethnic communities in Lebanon.

These included primarily — but not by any means exclusively — the great majority of the estimated one million Maronite Catholics who felt it would only lead to a permanent Syrian occupation of their country and Muslim domination of the only Arab nation where Christians have not been reduced to second class citizens.

Shiites who represent a substantial part of the Lebanese population also opposed it vehemently because it failed, in their view, to give their community, which numbers well over a million, a greater share in power than the Sunnis who dominate the political spectrum under the Taif accord.

Other minorities in Lebanon, most notably the Druze Muslims, also openly said the agreement fell far short from meeting their hopes for a greater share of power.

Then there are the countries that support these various communities that also expressed displeasure. Iran, a strong backer of Shiites, savagely attacked the agreement, even though Syria, its close Arab ally, backed it. Iraq, an arch-enemy of Syria, continued to supply the Christian Maronite armed forces of General Michel Aoun with weap-

ons, as did Israel, which has had a long-standing enmity with the Christians of Lebanon and which occupies a slice of the country's southern region.

Because of his opposition to the accord, General Aoun has been immediately identified by Syria as the author of the assassination.

But in the Byzantine pattern of Lebanese politics, it is far from evident in the view of Lebanese experts that he had any real interest in killing Mr. Moawad. Among other things, it had become evident that a great majority of Christian Maronites supported General Aoun. He continued to occupy the presidential palace in Baabda in the Christian enclave of Lebanon and successfully blocked Mr. Moawad's attempt to draft Christian support for a national conciliation government.

Killing Mr. Moawad could only weaken the general's position by opening the way to the Syrians to attack him and resume their assault on his forces. It also weakens his position within the Christian camp. "Please leave now, otherwise there will be a massacre," noted Farid Trabulsi, a Lebanese journalist.

"There is no prime suspect," said Ghassan Salameh, a Lebanese professor at the University of Paris who is an expert on Arab affairs.

A number of Arab parties, most notably Iraq, point the finger at Syria itself, which was on the surface one of Mr. Moawad's biggest backers. The reason, they said, was that Mr. Moawad was failing in taking control from General Aoun or in removing him from his strong position. "Killing Moawad gives the Syrians an excuse to keep their army in Lebanon forever," a senior Iraqi official said.

Others point at Iran, which, they said could not have acted without Syrian approval. And, still others said it may have been Israel, which has an interest in keeping attention away from the issue of talks with the Palestinians and the rising pressure on its government to engage in them.

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## ADVERTISING SECTION

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## Innovative Ideas Take Shape in High-Tech Sector

Biodegradable Mickey Mouse wristwatches. Talking computers that prefer Italian to English. Plastic helicopter blades that are stronger than metal. These are some of the dizzying adaptations to which Mr. Samuelson might refer, if he were writing about Italy instead of the United States.

In Italy, innovative technology doesn't come as the result of massive infusions of cash into R&D by major companies. Yes, some large companies do invest heavily. Fiat spent more than \$12 billion in 1988. Enimont, the chemical company of the Ferruzzi Group, spends 3.5 percent of its budget on R&D, the same level as its international competition. Olivetti's Italian-spouting computer wouldn't exist without some serious spending. But, as Mr. Samuelson goes on to say, "Big companies don't monopolize innovations. Genuine innovation transcends R&D."

The Italian research firm Nomisma reports that small-to-medium-sized companies (the backbone of the Italian economy) can meet the competitive challenges of the 1990s if they concentrate on "flexible specialization" to develop not only original products but also innovative production processes. So far, this seems to be happening. A recent study by ISTAT, Italy's government research organization, shows that well over half of the Italian companies surveyed had introduced innovations in both product and process in the preceding year.

Mandelli, for example, has taken

"No single technology is decisive for productivity and living standards," writes noted American economist Robert Samuelson. "What matters is the broad ability of workers and companies to adapt many techniques to a dizzying array of uses."

a mature industry like mechanical hardware and — with the aid of proprietary software technology — has become a recognized world leader in "mechatronic" machine tools so advanced that its know-how is even exported to Japan. With a Mandelli-designed Flexible Manufacturing System (FMS), a factory owner can produce several products from the same family or new products from new families simultaneously, enabling the business to benefit from "just in time" production.

A believer in its own products, Piacenza-based Mandelli is building the world's first automated factory to produce automated factory modules.

Other companies have already joined the ranks of fully automated production facilities. Italtel, Italy's world-class telecommunications company, is developing such a factory in Carini, Sicily. When fully operative, the facility will produce both hardware for energy systems and software for telephone exchanges for Italtel's Linea UT.

Much more important to Italtel's future is the agreement it signed with AT&T in June of this year. The agreement foresees cooperation in R&D, production, purchasing of common components and

marketing to third parties. According to Italtel's CEO Salvatore Randi: "The support ensured by a leading technological partner such as AT&T will allow us to offer our customers products and services capable of meeting their needs."

Aerospace giant Aeritalia is pursuing a similar strategy. Recently it signed a contract with General Electric's Simulation and Control Systems Division, a world leader in visual simulation. The two companies will collaborate on visual training systems for Aeritalia aircraft and will develop surveillance systems for military and civilian use.

Other recent initiatives by Aeritalia illustrate the application of what Professor Colombo calls "networking," or the creative redirection of technology from one area to another. SAMANTHA (a lengthy acronym for "aeronautic company to monitor nature, land, habitats and agriculture") is a new Aeritalia company focused on environmental conservation. It will develop new aircraft, including amphibious planes, as well as adapt existing models, to undertake telesurveillance missions in the face of natural disasters or pollution.

W.E.S.T. (Wind Energy System Taranto) is a joint venture with another IRI company, Ansaldo. Wind

energy is considered to be among the most promising sources of renewable energy, a matter of great interest to energy-importer Italy. W.E.S.T. is planning a facility in Taranto to produce wind generators and medium and large high-technology wind blades.

High-tech blades are part and parcel of Agusta's stock-in-trade. The company is known worldwide for the quality of its helicopters, and finding ways to improve its rotor blades is tantamount to retaining an innovative edge. Agusta is spending increasing amounts of money on lightweight materials with high reliability.

The development of composite materials is also expected to play an important role in the company overall, especially for products with international implications. Applied research is currently being conducted into movable components, such as helicopter hubs and trees, energy-absorbing helicopter bodies and thermoplastic and metal molds.

The Ferruzzi Group has been "networking" between its chemical and agricultural interests to create biodegradable plastic, designed to last from weeks to years, depending on the application. Could be great news for housewives who no longer need feel guilty about plastic shopping bags or disposable diapers. Ferruzzi handed out Mickey Mouse wristwatches when it announced this breakthrough, advising each recipient that the watches would decompose in one year's time.

Ferruzzi is also developing soy-based ink to make recycled newspa-



Agusta's leading edge: lightweight helicopter blades.

GRUPPO AGUSTA

per cleaner and less toxic. If the ink is printed on edible paper stock (another project), so much the better. It can then be resold to farmers as feed for cattle.

As Mr. Samuelson also writes: "The practical reality is that competitiveness emerges from a messy and diffuse process. The economy

grows because companies do a lot of little things right."

Italian companies seem to have followed his advice. Without lavish R&D budgets (by Western standards), they are transforming a "messy process" into an innovative art form.

Claudia Filisi

## Insurance Sector Seeks New Outlets

"More sophisticated, more rational, more oriented toward personal savings programs." These trends will characterize the Italian insurance consumer of the 1990s, according to Alfonso Scarpa, CEO of La Fondiaria, one of Italy's top-ten insurers.

The projected profile is in stark contrast to that of the recent past. The Italian insurance market has traditionally been over-protected, encumbered by regulations, distorted by a generous state-administered system and — consequently — relatively underdeveloped.

Dr. Giorgio Brinatti, director general of SAI (another of Italy's top-ten insurance companies) warns that the Italian system may be ripe for "dumping" by other countries. He also predicts that more than one-third of the insurance companies now operating in the EC will disappear due to increased competition over the next few years.

Italy, Europe's fourth largest market, with \$20 million in premiums last year, currently has one insurance company per 250,000 consumers. Corporate insurance, or previdenza integrativa aziendale, is beginning to make headway, with new products being launched by companies like Montedison. But the fastest-growing sector is personal life, which grew 26 percent from 1987 to 1988, following a staggering 40 percent increase the preceding year.

With the growth of the life insurance sector, few Italian companies have been motivated to develop new products. Among the exceptions, RAS, Italy's second largest insurer after giant Generali, has introduced pan-European products, including Euro-polizza, an ECU-based life policy, and Valore Valuta, a universal life policy in a choice of six currencies.

Personal insurance is still relatively expensive in Italy: costs account for 33 percent of the premiums, compared with 21 percent in Germany and 17 percent in France. A major reason is the reliance on an entrenched agent system unlike, for example, Germany, where banks are increasingly used as distribution channels.

Italy's overreliance on the agent system will change as the market matures, predicts SAI's Dr. Brinatti. He foresees more creative use of banks, other financial organizations, direct mail and even department stores in the future.

Meanwhile, competition is increasing. Foreign

firms currently represent 35 percent of the Italian insurance market. Starting in July 1990, Italian businesses will, for the first time, be able to buy risk policies from foreign companies meeting certain criteria, and it is estimated that 1,000 firms will qualify. In January 1993, the criteria will be loosened to enable several



Alfonso Scarpa, CEO, La Fondiaria.

thousand non-Italian companies to compete for Italy's corporate insurance needs.

Despite this trend toward internationalization, only Generali and RAS have significant international operations. Between the two, they account for 17 percent of the home market and represent 70 percent of Italian insurance interests abroad. Generali alone is the third largest insurance company in Europe, but its size pales in comparison with the international biggies. Nippon Life, for example, collected \$36 million in premiums in 1987, more than 18 times Generali's sales that year.

Increasingly, Italian companies are finding it prudent to forge international links through mergers, acquisitions, alliances or a combination of the three. Restructuring is also an option. Two months ago La Fondiaria reorganized into a holding company and three operating entities for the purpose of maximizing flexibility and choice of appropriate partners. Recent agreements with German, English and Japanese companies also reflect this global focus.

Global reach and understanding the customer is what the development of the Italian insurance market is all about. As La Fondiaria's Alfonso Scarpa emphasizes, "The 1990s will see greater collaboration between public and private insurance sectors so that together they can meet people's individual needs."

Claudia Filisi

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## Light-Rail Transit Lines To Ease Urban Congestion

Italy is a country that badly needs infrastructure renewal. According to Claudio Podestà, professor of transportation engineering at the Politecnico in Milan, the first and most urgent renovation required in Italy's infrastructure involves no pouring of cement, no laying of track, no welding of steel.

"The first major change needed in Italy is strategic and political," says Professor Podestà. "There is a Ministry of Transportation. Then there is a Department of Railways, an agency of semi-private railroads, the Ministry of Public Works for secondary roads, then there is ANAS, which is responsible for state roads, and Iri-Italtat, which

### More than a million cars daily move through Milan

oversees superhighways. And there is a Ministry of the Merchant Marine, in charge of small-scale shipping, there is Civilavia, the Italian equivalent of the FAA, and there is the Ministry of Communications."

Gabriele Testa, chairman of Transystem, a transportation engineering company that has designed new urban transit systems for Genoa and for cities outside Italy, agrees, and points out that the Italian "public administration is inadequate, at both the central and local levels, and forms a reservoir for excess labor rather than a device to ensure the efficiency of the economic system. Different levels of government create a hodge-podge bureaucratic machine, in which conflicting votes take precedence."

One of the results of this administrative crazy-quilt is that government policy is extremely vulnerable to lobbying.

Professor Podestà recalls one instance of this in the late 1950s. "Fiat simply had one of their engineering companies draw up a plan for a highway from Milan to Naples — now the Autostrada del Sole — and turned it over to the state, which then built the highway. Compare that to what happened in Germany during the same years, when the Minister of Transportation decided to regulate the highway system and to force cheap, heavy merchandise onto the railroads."

The situation is decidedly different in Italy, where the need for an emergency overhaul of the railways has forced the elimination of a pro-

ject for high-velocity trains and where the inadequacy of public transportation in the city centers — and the lavish use of automobiles — has made the topic of urban traffic one of the burning issues of the last few years.

Due at least in part to excessive traffic — more than a million cars move through Milan every day — the city is second only to Mexico City in certain forms of exhaust pollution. And due to the undifferentiated use of the highway system by heavy trucks, there has been a series of spectacular crashes that generated headlines in the Italian press about "Killer TIRs."

There are no easy solutions. "The high-velocity train project was just a case of the Italians trying to ape the French," comments Professor Podestà, "and of industry looking for contracts."

To give a clear instance of this, suffice it to consider that there is already a fast train — the Pendolino — running on regular tracks, which goes from Milan to Rome at an average of 130 kilometers (80 miles) per hour.

His view, and that of others in the field, is that what Italy needs in terms of infrastructure is not spectacular — and expensive — high technology, but a determined effort to work to resolve the problems of transportation between cities and within cities.

"This country is built like an aircraft carrier," says Professor Podestà. "There is no reason why most of the transportation of merchandise shouldn't be done by light shipping. But the ports are blocked by antiquated facilities and powerful unions."

Air travel provides an equally effective solution, but in common with the rest of Europe, Italy's airports are already overcrowded.

Construction is going forward to allow the Rome airport to handle annual traffic of 30 million passengers by the year 2005, almost four times the current volume. The area of the airport will be more than tripled to 300,000 square meters.



Nearly 150 kilometers of light-rail transit are planned for Rome, Milan, Genoa, Naples, Turin, Bologna, Florence, Brescia and Catania.

A key concern beyond the capital is urban transport. Currently, the Italian parliament is debating a law drafted jointly by the Ministry of Transportation and the Ministry of Urban Areas to fund rapid mass transit for towns of over 300,000. The law would provide \$3 billion in 1994, and would emphasize light rail transit systems (as opposed to traditional and more expensive underground subway systems). By next year, Milan will have close to 70 kilometers of heavy-rail subway, Rome just under 30 kilometers and Naples 17 kilometers. The Naples project is particularly interesting in that special technology is being used to excavate tunnels in just one-third the time needed with traditional systems.

But the 110 kilometers of traditional subway in place by next year will probably be the last heavy-rail subway lines built in Italy.

"The golden age of subway con-

struction was a long time ago," says Professor Podestà. "Paris, Berlin, New York, London and Moscow all put their subways in before the war. It is just no longer practical."

Light-rail transit is what will be chiefly built in Italian cities in the next few years. Nearly 150 kilometers of light-rail transit are planned — in Rome, Milan, Genoa, Naples,

Turin, Bologna, Florence, Brescia and Catania.

Another proposal, currently working its way through parliament, would turn the state railways into a publicly traded company by 1990, thus converting the railroads from a hotbed of political patronage to a reasonably efficient, economically rational operation.

Piero Ogna, chairman of the Metropolitana Milanese, puts it in terms of investment for the future. "It is basically a political question. If we strangle our cities and keep new workers from getting to the city centers, we are blocking our development."

Anthony Shugar

## Big Is Beautiful for Savings Banks

As government officials and monetary authorities work to ready Italy's financial institutions and payment system for the advent of European integration, the country's savings banks — traditional service providers to Italian families and the wealth of small businesses that drive the national economy — are retooling their statutes and seeking to expand their productive capacity and market reach through mergers and cross-border activity.

"The key issues facing the savings banks include the rapid changes being made in branching regulations and capital ratios, the liberalization of currency flows and the introduction of the 'freedom of establishment' principle within the EC nations," says Giorgio Giovando, general manager of Banca CRT, the Cassa di Risparmio di Torino. CRT, one of the country's largest savings banks, with 230 branches, recently received Bank of Italy ap-

### Savings banks are casting their nets further abroad

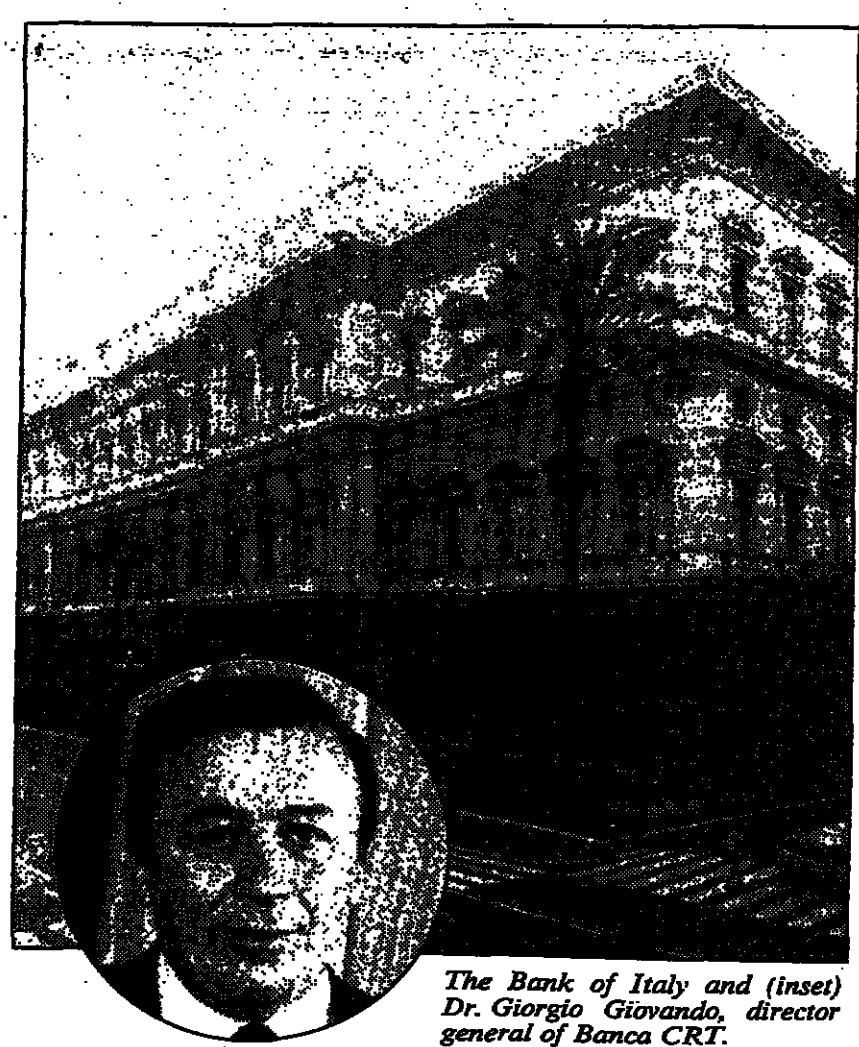
proval to become an "ordinary credit bank," a move that has opened up new market opportunities, including the possibility of offering a wider range of services.

"An imperative for the savings banks is to forge operational and strategic alliances with neighboring institutions to boost capacity and contain costs," says Lapo Mazzei, president of the 174-branch Cassa di Risparmio di Firenze. To put a lid on information technology expenses and offer innovative services to retail clients, the Florence-based bank recently signed an operating agreement with another Tuscan institution, the Cassa di Risparmio di Pistoia.

Because the gargantuan public debt is continuing to eat into financial institutions' deposit base, product diversification is a must, not only for the nation's 75 casse di risparmio but also for the rest of the banking industry. According to Bank of Italy data, between 1984 and 1988 the share of household assets invested in government bonds increased from 26 percent to 32 percent, and economic forecasts are predicting another jump, to 34 percent, in 1989. During the same period, the share of assets invested in banking deposits dropped from 37.5 percent to 27.5 percent; 10 years ago, the banking industry controlled over 50 percent of the nation's savings. To compensate for tighter spreads and falling interest income, the banks are banding together to found companies that offer para-banking services and mutual funds. Another part of the strategy is to seek opportunities to expand abroad.

In January of this year, the 400-branch Cassa di Risparmio delle Provincie Lombarde (Cariplo), the nation's largest savings bank, made headlines in the world business press after its cross-border strategic link-up with Banco Santander, the fifth largest bank in Spain. Under the terms of the agreement, Cariplo swapped a 30 percent stake in a subsidiary, Istituto Bancario Italiano (IBI), for a 30 percent equity participation in the Santander-controlled Banco Jover.

Cariplo is by no means the only



The Bank of Italy and (inset) Dr. Giorgio Giovando, director general of Banca CRT.

cassa di risparmio to turn its attention abroad. Besides agreements to purchase shares in a number of smaller savings banks in Piedmont, Emilia and Umbria, Banca CRT recently carved out a stake for itself in the international merchant banking sphere with the purchase of London Italian Bank. Earlier this year, the Turin-based bank also increased its equity stake in Crédit Commercial de France (CCF) — the 11th largest French bank — to 30 percent. In June it purchased a 50 percent share in Offene Handelsgesellschaft, a Frankfurt-based bank controlled by CCF that specializes in foreign exchange operations, securities and sophisticated capital markets instruments like swaps and options contracts. The Cassa di Risparmio di Firenze, for its part, has opened representative offices in New York, London, Paris, Frankfurt and Moscow.

In March, members of Eptacon, a leading merchant bank controlled by a number of Italy's major savings banks, opened a joint representative office in Moscow. Banca CRT has just announced a joint venture with the 1,000-branch Soviet Zhilotsbank: the two plan a new company, based in Moscow, to favor East-West trade.

The relatively small size of Italian financial institutions — even the

largest ones — may eventually confer a competitive edge to bigger banks in other EC nations. To address the problem, the Bank of Italy has been encouraging mergers, and a process of "partial privatization" is under way "to enable the state-controlled banks — which predominate — to go to the stock market for capital. But the issue has proved a sticky one for two reasons: there is fear that the country's largest industrial groups may acquire an undue share of power in the banking industry; the majority parties are not eager to give up the privilege of selecting presidents for the public banks."

There is little doubt that to achieve the economies of scale necessary to thrive in an EC-wide market with a total gross national product of almost \$5 trillion, the Italians will have to systematically join forces with foreign partners, some of whom may be reluctant to forge equity links with public banks. "The strategic options for the larger Italian banks will include joint stock participations in other EC institutions," explains Stefano Meloni, managing director of Eptacon. "Unless the state is willing to give up its majority position, I anticipate some foreign institutions would hesitate before entering into ventures of this type."

Lisa Rosenthal

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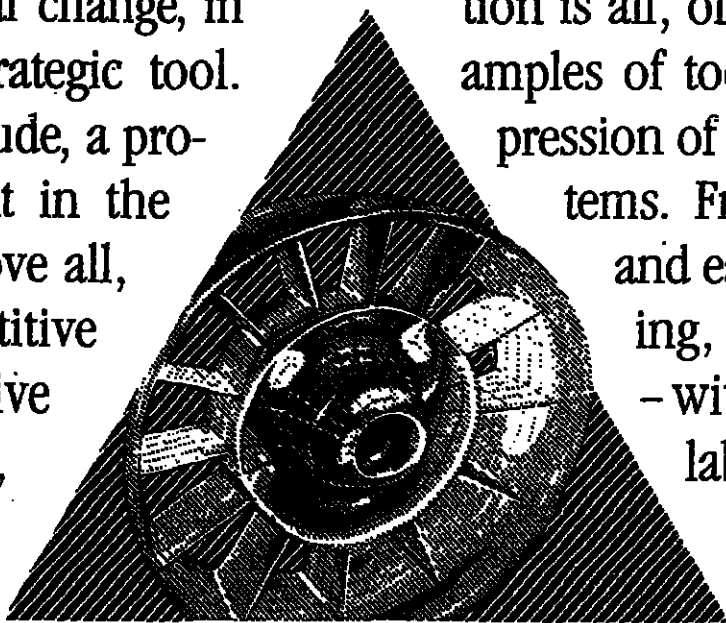
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Fiat means cars, commercial vehicles, agricultural and earthmoving machinery, metallurgical products, automotive and industrial components, lubricants, production systems, civil engineering, railway products and systems, aviation, power generators, telecommunications, defence and space, textile fibres, industrial chemistry, bio-engineering, publishing and financial services.

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**FIAT**



## Fashion Industry Aims Upward and Outward

After a decade and a half of phenomenal growth, the Italian fashion industry is facing a tough decision: reorganize to meet the challenges of the 1990s or lose its market primacy.

"I see the next few years as a turning point," says Adriano Benvenuto, general secretary of the Italian Apparel Industry Association. "The sector is reshaping itself: there is an enormous switch under way that will create 50 important groups from literally thousands of small companies. It won't be easy or pleasant by any means, but I believe it's the only way we can face international competition."

It's a challenge that the Italians are keen to meet. Says Aldo Pinto, chairman of the Milan fashion

don't believe in a 'maturing' industry. If there's a flattening of sales, I consider it a marketing problem." The 150-year-old Marzotto has posted annual sales gains of 16-19 percent in five of the past six years. "In a global market, bigger is definitely better," says Mr. Thiella. "Marzotto has the advantage of size in pursuing new markets, as well as containing costs even with a high-quality product."

Italy's apparel manufacturers are now turning their sights eastward. "Japan has become our largest export market," says Krizia's Mr. Pinto. "and one of the fastest growing today is Hong Kong. There's a demand for high-quality goods there that is reminiscent of the U.S. in the early 1980s."

Rising costs have led to a greater emphasis on the upper end of the market, which is less sensitive to price fluctuations. "But even that market is changing," says Mr. Pinto. "The upper end has already settled, and I believe that growth in traditional markets like the U.S. and Europe can only come from consolidating existing sales points and developing freestanding shops — preferably owned rather than franchised."

Many of Italy's leading design houses, from Armani to Valentino, are actively pursuing the possibility of becoming major retailers in their own right. And some, through joint ventures or direct investment, are getting involved in manufacturing as well. "Both policies are ways to control your own destiny, which is absolutely crucial when your business is one of image," says Mr. Pinto. "Krizia owns its own factories. Five years ago I would have told you it wasn't worth the headache, but now I'm thankful we've got them."

But even the rarefied top-end of the market is not immune to competition. "Our biggest threats in the high-quality market," says Mr. Pinto, "are Germany for production and France for creativity. But we still have some very important advantages over other countries: wonderful fabrics, excellent workmanship and specialization."

"Absolutely not," says Pietro Thiella, director of the apparel division of Marzotto, one of Italy's (and Europe's) largest manufacturers, with \$1.2 billion in sales in 1988. "I



Italian style by Gianni Versace.

They are advantages that even foreign designers can utilize — and do, by the score. Paris designers Claude Montana and Emanuel Ungaro are both produced by Turin-based Gruppo Finzaria Tessile (GFT), which also produces the Armani and Valentino collections. While the ready-to-wear lines of Paris's latest darling, Christian Lacroix, are manufactured by the Genny group of Ancona. "Paris," says Mr. Pinto, "may be more fashionable today, but the real business is still done in Italy."

The real challenge, though, is in the mid-market, where high volume and low costs have to be combined with the flexibility to keep up with fashion trends. Here the emblematic leader is Benetton, with its innovative marketing approach and high-technology manufacturing and distribution systems.

If indeed bigger is better, can one expect a wave of mergers and acquisitions to sweep the Italian industry? "I don't think we'll see a great deal of financial operations like that, since only a few companies are capable of performing them," says Mr. Benvenuto.

"More likely than not, the larger companies will expand at the expense of smaller ones," he concludes. "The great advantage of the Italian industry was once the flexibility and specialization of its smaller companies. Now technology has given that advantage to larger groups as well, and with their superior financial and marketing capabilities, they will be the only segment capable of operating on the global scale today's market requires."

Marc Ganem

## Hidden Persuaders Sway Ad Spending

At first glance, the difference between Italy and Great Britain in terms of advertising investment is enormous. The figures for 1988 are \$44 billion in Great Britain as opposed to \$11 billion in Italy. But a closer look at the statistics reveals a slightly more complex situation.

Those figures measure all forms of advertising and promotion, and thus include direct mail marketing, sales promotion, sponsorship and public relations. If we look at advertising alone, the gap closes somewhat — in 1988 British advertising investment totaled \$11 billion as against \$5.2 billion in Italy.

Even that difference is less drastic than it might appear. "There is a great degree of flexibility in the negotiation of advertising rates in Italy," points out Sergio Vione, international marketing director for Sipra, an agency that obtains advertising for state-owned Rai television.

What Mr. Vione means is that list rates for Italian advertising are seldom, if ever, respected. "Advertising in Great Britain is much more expensive than in Italy," he says. "In fact, to a certain extent, supply actually exceeds demand in Italy."

The result is that discounts on television advertising are regularly as high as 50 percent, and even higher for print advertising, where ads can be placed in several publications for as little as a quarter of the list rate. Italian television, according to Mr. Vione, carries a minimum of 500,000 nationally broadcast commercials per year. The vast majority of those spots go out over the private television channels of Silvio Berlusconi — for example, three Rai stations broadcast 60,000 spots a year, while Berlusconi's flagship channel, Canale 5, alone puts out 125,000 commercials. Advertising on Rai costs more, but the sheer volume of Berlusconi's operation outweighs the lower prices offered: Rai advertising revenues of just under \$700 million pale beside the \$1.5 billion that Berlusconi raked in last year.

According to Felice Liroy, head of UPA (the association of Italian advertisers), the industry is a victim of its own success. "To have the same effect as a single British commercial, you have to air an Italian commercial at least 15 times," he says.

While several years ago the average Italian family watched two hours of television a day, it now takes in about five hours daily, one of the highest rates in Europe. Each commercial aired is not only swamped by the 9 to 11 minutes of

advertising in every hour of broadcasting, but is also at sea in an ever-growing broadcast day.

In a bid to grab the attention of the distracted Italian public, many advertisers are moving toward less-classical forms of communications. Giovanna Maggioni, director of research at UPA, says that, according to a new study done by Intermatrix for UPA, while spending on traditional advertising is expected to grow 30.4 percent between now and 1992, spending on public relations and direct marketing is expected to grow by 44 percent, with growth in investment of 40 percent on sales promotion and 39 percent on direct mail marketing.

Alessandro Borini, director of ASP, the Italian sales promotion association, fears the hindrance of Italian bureaucracy. "The legislation in Italy is the most repressive in Europe, except for Germany," Mr. Borini says. "There are a great many areas in which sales promotion is forbidden — such as for pharmaceuticals — and there are a great many taxes. For instance, there is a 20 percent tax on premium packs."

Despite the difficulties of operating in the face of this "promotional repression," Mr. Borini expects to see considerable growth. In 1984, the Italian promotions volume was just under \$12 million; in 1988 it grew to \$50 million, and ASP predicts a leap by next year to \$75 million.

Giuseppe Minoia, vice president of Eurisko, a Milan-based marketing research company, recently studied the phenomenon. "Sales promotions in Italy fill the vacuum left by the disappearance of the weekly market," he claims. "When Italian shoppers go to the supermarket, they are pleased to discover that the check-out girl, who doesn't actually know them, nevertheless offers them this or that opportunity to save money. Oddly enough, this sort of promotion works least in shops where the owner actually does know the customers. There, Italian customers are somewhat embarrassed to admit that they want something for nothing."

As the market matures, another important development will be the precise fine-tuning of advertising to suit Italian taste.

Roberto Baccocchi of BDDP, a Milan-based advertising agency, points out that Italians have gradually come to accept advertising. "A decade ago advertising was widely viewed as the lowest expression of vile capitalism. There were strong political overtones to the whole question. Lately the Italians have accepted advertising more completely. And working from that greater acceptance, we have got to try to give them advertising that is familiar to them, not giant multinational campaigns."

Even in this formulation, he sees a paradox: "At the same time that Italians are coming to expect their commercials to resemble everyday life, Italian everyday life is actually coming to resemble the commercials."

Mr. Baccocchi points out that style of dress, manner of speech, and even that quintessential trademark of Italian life, hand gestures, are becoming more and more Americanized. "You walk down the street, and you hear 'Okay' ten times more frequently than you hear 'Va bene.' When soccer players scored a goal in the past, there were hugs and handshakes. Now you see the high-five."

Still, there are plenty of advertisers who, along with Mr. Baccocchi, expect to see an intriguing new style of advertising come out of Italy and, in general, Mediterranean Europe. One is Marco Testa, chairman of the board of Armando Testa, Italy's largest advertising agency by billings. Says Mr. Testa: "There has been a great deal of talk about 1992 and pan-European agencies, but already we are starting to hear the creaking of that concept. In the end, I think that 1992 was a symbol behind which many advertisers have been hiding. And some of these giant agencies may prove to be giants with feet of clay."

Despite his skepticism about overgrown multinationals, Testa is interested in expansion. Armando Testa has opened offices in France, Spain and the U.S.; they are considering a British office. "We think that there may be a market for a small agency like ours that has seen the international market from a new and unusual point of view — that of the Italian market."

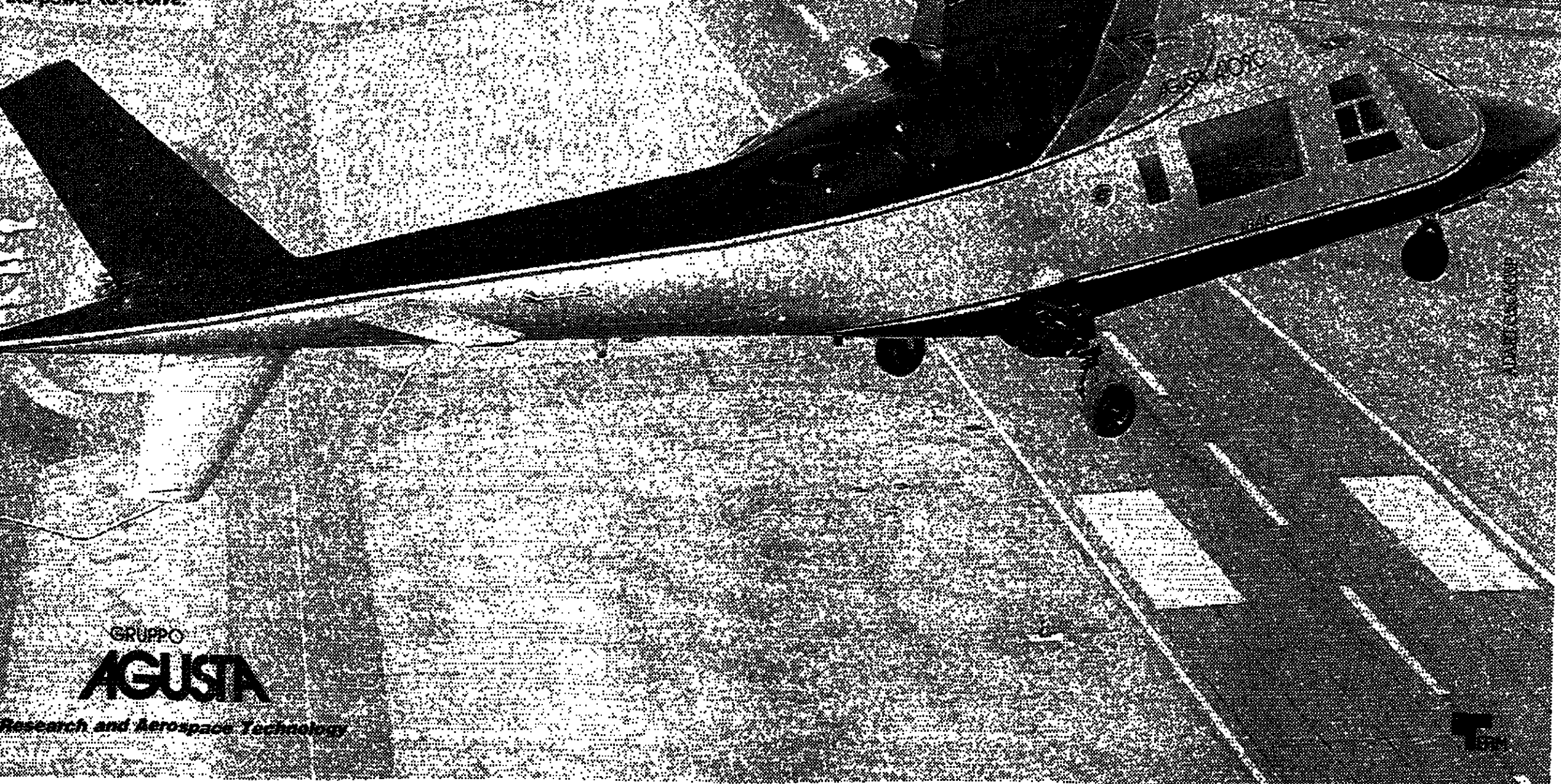
Anthony Shugar

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## ADVERTISING SECTION

## ADVERTISING SECTION

## Building a Broader Base for the Tourist Industry

According to an American Express study published in October, Italy is no longer the first choice of American, English, German and Japanese tourists. The study was based on interviews with 6,500 citizens of these countries, the four biggest exporters of tourist dollars in the world. Indeed, the United States and West Germany alone account for 30 percent of the world's tourist spending.

For the Americans interviewed, Italy is now seventh on their travel wishlist, placing even with Switzerland. Even among the Germans — who make up 47 percent of the tourists visiting the Bel Paese — Italy came second, following Spain. The English prefer — in order — Spain, France, the U.S. and Greece, while Italy comes up fifth.

Tourism may be the industry of the future, but Italy is not fully prepared to take maximum advantage of it. One of the reasons may be the dichotomy of the modern market. Italy must at the same time update to meet the requirements of mass tourism and remain old-fashioned to meet the expectations of the tourists themselves.

Another part of the problem is the changing pattern of world tourism. At present, Europe is the source of 60 percent of the world's tourists, and over 50 percent of world tourism is headed for Europe. But according to a recent study in the United States, the chief attraction for American tourists in the 1990s will be the Soviet Union; the second most popular will be Asia.

Italian travel agents expect to lose between \$220 million and \$370 million in 1989, what with fewer

The world tourism industry already has a greater turnover than the arms industry, and by the year 2000 it is expected to outdistance the petroleum and automobile manufacturing industries as well. Italy — no longer the uncontested leader in this high-ticket field — is currently looking at ways to better market its hidden touristic treasures.

foreign visitors to Italy and — helping to conceal the slump in foreign tourism — more Italians spending their vacations in Italy.

What's an Italian tour operator to do?

The first thing any Italian businessman tends to do is to look to the government. And at first glance, the government is taking steps to shore up Italian tourism, after many years of resting on the laurels of the roaring 1960s, when Italy established the kind of public image that the Spanish are now crafting.

There is a sizable investment set aside by Italian law 556: \$333 million over the next two years, plus a 30 percent stake in a further \$815 million investment fund, and state-funded insurance against exchange rate losses on additional funds totaling \$1.1 billion. This entire operation, however, is aimed at promoting the 1990 World Cup soccer championships, which will be held in Italy.

Some funds are available — \$166 million between 1990 and 1992 — in the form of petrol discounts for foreign visitors, highway assistance and so on. And then there are some \$2.4 billion in funds for infrastructure renewal.

Enit, the national tourist board, has set aside \$3 million dollars for an international advertising campaign over a two-year period (the slogan is: "Italy — Tourism all year") and is running various other campaigns for a total of just over \$6 million.

Not all Italian tour operators feel reassured by the imposing mobilization of the Italian government. In fact, at the Touring Club Italiano (TCI) — one of the oldest and most respected private organizations working in the field of Italian travel — there is a general diffidence toward the efforts of the government. A spokesman who, as a matter of policy, does not wish to be quoted by name says that "the Italian Ministry of Tourism has failed to develop a true strategy of promotion."

According to the same spokesman, TCI has been proposing the same two-fold approach since 1983. As 85 percent of the tourists who visit Italy do not travel in organized groups, it argues that the best areas for growth are an intelligent promotion of travel toward minor centers, and the promotion of what the Italians call *agriturismo*. The latter is similar to the French idea of *gîtes* — a form of tourism that concentrates

not on churches, museums and ancient ruins, but rather on farmhouses, forest paths, home cooking and horseback riding.

Simona Molinari, editor of a new book on tourism to lesser-known places in Italy (Italy — Variations on a Country), listed a few examples of minor centers that Italy offers to the well-documented tourist. "They range from Bressanone, a beautiful little mountain town near the Austrian border, all the way down to Enice, a hill town just over Trapani, in Western Sicily. There are the Renaissance centers of northern Italy, like Sabbioneta near Mantua, or Pienza in Tuscany; there are towns like Comacchio on the Po Delta, or Cortona, near Perugia, in Central Italy. There is the surreal beauty of the Tremisi Islands, just off the Puglia coast, or Otranto, with its famed castle. Or Lecce, one of the best-preserved capitals of Baroque architecture in Europe."

Still, Italy bases much of its tourism on art and beautiful beaches. More than 50 percent of tourism in Italy revolves around Rome, Florence and Venice. Art brought in 19 million tourists in 1988, as opposed to the 15 million who visited beaches — but most of Italy's finest attractions remain relatively unknown.

The question is: can Italy revive the Grand Tour and gain a new form of educated tourism?

Until the government develops a comprehensive promotional plan, it is unlikely.

Meanwhile, TCI is holding a national conference on *agriturismo* in Ragusa, from November 23 to 25.

Antony Shugar



*Agriturismo aims to attract tourists away from cities like Rome.*

## Small Firms Figure Large In Footwear Industry

When exports — which absorb more than 85 percent of total production — show a decline, the Italian footwear industry declares war. It is a war whose battles "will be played out in the field of marketing," said Natalino Pancaldi, president of ANCI, the footwear industry's trade association, at a meeting of the group's directors last May.

Since Mr. Pancaldi's declaration of intent, results for the first five months of 1989 show a reversal of the past three years' decline, which saw exports fall 10 percent from a peak of 7.14 trillion lire (US\$5.3 billion) to 6.48 trillion lire last year. Orders increased in May, as did the value of exports during the January-May period, though volume was down. Preliminary results for June continue the encouraging trend, with volume exports trailing those of the first half of last year by 2 percent, a result that optimistic industry executives are already referring to as "stabilization."

Now the Italian footwear industry is no longer on the defensive, but there is still territory to be recovered. "It is essential to maximize

our capacity to penetrate those areas of the market that are our natural niches," said Mr. Pancaldi. "We have to go to foreign markets to sell, rather than, as some have accused, waiting for importers to come to us to buy."

That is a tall order for an industry in which nearly 96 percent of the work force operates in companies that employ fewer than 50 people. "These small companies are the strength of our industry, on the production side," says Leonardo Soana, general manager of ANCI. "They allow us to react quickly to market trends while at the same time maintaining the standards of a labor-intensive industry. But they simply don't have the marketing resources to act on a global scale."



*Second generation style: the Ferragamo dynasty today.*

The answer, he believes, will be provided by coordinated action, such as ANCI's worldwide print and television campaign to emphasize the quality and high fashion of Italian shoes.

While the apparel industry, to which it is inevitably linked, has been able to offset the effects of a declining dollar by opening up vast new markets, mostly in East Asia, the shoe industry has not been able to follow suit. "The European Economic Community has an accord with Japan that limits [that country's] imports of leather goods," says Mr. Soana. "Luckily, though, that agreement expires in 1990, and

I think it will be radically revised." Other East Asian countries, he points out, have similar restrictions. Already, though, Italian footwear manufacturers are penetrating the Japanese market.

Another difficulty lies on the home front. Footwear, unlike apparel, is subject to VAT at the full rate of 19 percent. To promote further footwear sales, ANCI has attempted to convince the government to reduce this figure to 9 percent, the same level that is imposed on clothing. So far, their efforts have been rebuffed. The government claims that lowering the rate would cost it an estimated \$50 billion lire in lost revenue. "Given the high cost of labor and financing in Italy," Mr. Soana laments, "there's only so much one can do to increase domestic sales."

In a trend that parallels developments within the apparel industry, Italian footwear manufacturers are turning toward the high-end for salvation. "Most of the difficulties have been in the moderately priced

range," Mr. Soana concedes, noting that low-priced imports from East Asian producers have been steadily rising. Conversely, the average price per pair of exported shoes has increased.

Clearly, the medium-to-high end of the market, which accounts for more than 20 percent of production, is picking up some of the slack. Indeed, the golden names of Italian shoemaking — Ferragamo, Mario Valentino, Diego della Valle and Bruno Magli — are stronger than ever.

Perhaps the most famous Italian brand, Ferragamo, is a second-generation family business. The founder, Salvatore Ferragamo, made his name by cultivating clients such as Bette Davis, Rita Hayworth, Katherine Hepburn and Ingrid Bergman. Despite the dollar's catastrophic drop in 1986, Ferragamo managed to increase its exports to the U.S. — which account for 50-60 percent of overall sales — and maintain its position as Italy's largest exporter of high-end footwear. The Ferragamo dynasty, in fact, has since become as much of a Florentine social fixture as that city's great wine-producing nobility — a good indication that Italy's modern industry has found a place in her culture.

Like Ferragamo, the Naples-

based fashion house of Mario Valentino is a family affair. The company realizes 80 percent of its projected 110 billion lire turnover in shoe sales, with the rest made up of men's and women's ready-to-wear apparel lines started in the late 1960s. Ferragamo, too, produces apparel lines, following a policy of product diversification that takes advantage of a label recognized worldwide.

In addition to brand-name recognition, Italy's exporters are also developing a technological edge. In response to aggressive international competition in the mid-economic to middle price range — which accounts for more than half of the country's total production — the industry has begun to pool resources to advance the technology of footwear production.

Four years ago, a center for quality control and the development of new materials and processes, called Cimac, was founded in Vigevano, a small town to the southeast of Milan and traditional center of Italian shoe production. "The idea is to have a resource for the quantitative testing of quality," says Mr. Soana, "since that has been the reputation and the strength of the Italian industry, and represents a strategic advantage over our competitors."

Mark Ganem

## Industrious Designers Maintain Lead

Italy is not just the world's leading furniture exporter. It hosts Europe's largest design fair and, while retaining the strengths of a deep-rooted artisan tradition, has made its design a byword for style.

A recent television interview asking the man in the street to define Italian design came up with the predictable answer: "Slick, black, shiny furniture." Yet the high visibility of what is termed "Luigi Style Design" is a misleading indicator. Sixty percent of the Italian furniture industry's output is based on reproducing popular designs ranging from "the country look" to Chippendale and baroque.

Companies show equal flexibility when it comes to contemporary design. A plain white couch, deliberately designed along the simplest of lines, caught the eye of a recent visitor to the Milan Furniture Fair. It was subsequently ordered and delivered — complete with a brocade silk cover.

The success of this somewhat eclectic approach is clearly reflected in the industry's booming export trade. In 1988 it shipped 5.4 trillion lire (\$4 billion) worth of goods overseas. The 3 trillion lire figure recorded in the first half of this year indicates a potential 10 percent increase for 1989.

"Italy has always had a large artisan export business," says Milanese designer and architect Antonio Citterio. "But the increase over recent years is largely due to modern Italian design."

If the end is clear, the

means are less certain. "I don't believe there is an Italian style today," says Ettore Sottsass, a noted architect and designer. A simplistic definition won't do.

The extraordinary richness of design ideas stems not only from individual creativity, but also from the energy of an agile and receptive industry.

Says Alessandro Mendini, former editor of Do-

er by Ettore Sottsass.

The frenetic pace of the 1980s has since taken its toll. "We are burnt out with what is happening; we are tired of cooing over new chairs, new couches, new lamps," says Mr. Citterio.

Last year's vogue for high-tech, characterized by steel cables, aerospace materials and glass, is already abating. Instead, Giro, a new design group associated with the French gallery Neoth, has sought its inspiration from the work of Jasper Morrison. They call it "primitivism," and extol the virtues of raw tree branches, either stripped and oiled or cast in aluminum.

Other trends to watch include the flowing curves of Josa Ghini's Bolidismo; the work of engineers Alberto Meda and Renzo Piano; and Boris Sipek's rattan chairs for Driade. Meanwhile, other young designers like Massimo Iosa-Ghini are closing the circle by drawing on the work of Carlo Molino, an aircraft engineer and furniture designer of the late 1940s.

"The prospects for the 1990s," concludes Mr. Mendini, "could be a return to order, a critical collaboration with industry, a loss of the excesses of the baroque, a loss of color and avoidance of waste."

Terry Dwan



*Doralece by Citterio.*

mus and cofounder of the influential Studio Alchimia: "Individualism plus artisan ingenuity equals Italian design."

During the 1960s, masters of design like Castiglioni, Zanuso, Magisretti and Albini triumphantly reaffirmed this creative relationship. In reaction, the 1970s were characterized by Counter Design, a deliberate questioning of the industrial product, and the work of Memphis, a group of young designers brought together

## Ermenegildo Zegna

Jackets, suits, overcoats and accessories all have that wonderful softness of "white" cashmere, the cashmere that comes only from Inner Mongolia. One touch is enough.

You only need one touch to recognize the excellence of Ermenegildo Zegna cashmere.

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TOKYO  
2F AOTAMA TWIN TOWER

NEW YORK  
743, FIFTH AVENUE

AND IN ALL MAJOR CITIES OF THE WORLD

OPENING FEBRUARY 1990



NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	

Market Sales					
	Vol.	High	Low	Last	Chg.
NYSE 4 a.m. volume	145,750	34 1/4	34 1/4	34 1/4	+ 1/4
NYSE 4 a.m. volume	145,750	34 1/4	34 1/4	34 1/4	+ 1/4
NYSE 4 a.m. volume	145,750	34 1/4	34 1/4	34 1/4	+ 1/4
NYSE 4 a.m. volume	145,750	34 1/4	34 1/4	34 1/4	+ 1/4
NYSE 4 a.m. volume	145,750	34 1/4	34 1/4	34 1/4	+ 1/4

NYSE Index					
	High	Low	Close	Chg.	
Composite	189.21	188.34	189.21	+1.14	
Industrial	192.73	192.23	192.73	+0.79	
Transport	192.73	192.23	192.73	+0.79	
Utilities	192.73	192.23	192.73	+0.79	
Financial	192.73	192.23	192.73	+0.79	

AMEX Diary					
	Class	Prev.		Class	Prev.
Advanced	330	330		Advanced	330
Declined	285	285		Declined	285
Unchanged	285	285		Unchanged	285
Total Issues	285	285		Total Issues	285
New Issues	285	285		New Issues	285

NASDAQ Index					
	Class	Prev.		Class	Prev.
Composite	485.14	485.14		Composite	485.14
Industrial	485.14	485.14		Industrial	485.14
Transport	485.14	485.14		Transport	485.14
Utilities	485.14	485.14		Utilities	485.14
Financial	485.14	485.14		Financial	485.14

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	
IBM	145,750	34 1/4	34 1/4	+ 1/4	

AMEX Stock Index					
	High	Low	Close	Chg.	
Composite	371.85	370.85	371.75	+0.24	
Industrial	371.85	370.85	371.75	+0.24	
Transport	371.85	370.85	371.75	+0.24	
Utilities	371.85	370.85	371.75	+0.24	
Financial	371.85	370.85	371.75	+0.24	

Dow Jones Bond Averages					
	Class	Prev.		Class	Prev.
Bonds	93.57	93.57		Bonds	93.57
Utilities	93.57	93.57		Utilities	93.57
Industrials	93.57	93.57		Industrials	93.57

NYSE Diary					
	Class	Prev.		Class	Prev.
Advanced	887	887		Advanced	887
Declined	887	887		Declined	887
Unchanged	887	887		Unchanged	887
Total Issues	887	887		Total Issues	887
New Issues	887	887		New Issues	887

Odd-Lot Trading in N.Y.					
	Buy	Sell	Share		
Nov. 21	312,144	477,113	2,454		
Nov. 22	307,770	466,225	1,195		
Nov. 23	307,770	466,225	1,195		
Nov. 24	307,770	466,225	1,195		
Nov. 25	307,770	466,225	1,195		

Dow Jones Averages					
	Class	Prev.		Class	Prev.
Index	24,438	24,438		Index	24,438
Transport	24,438	24,438		Transport	24,438
Utilities	24,438	24,438		Utilities	24,438
Financial	24,438	24,438		Financial	24,438
Comp	24,438	24,438		Comp	24,438

Standard & Poor's Index					
	High	Low	Close	Chg.	
Industrials	308.28	307.44	308.28	+0.24	
Transport	308.28	307.44	308.28	+0.24	
Utilities	308.28	307.44	308.28	+0.24	
Financial	308.28	307.44	308.28	+0.24	
Comp	308.28	307.44	308.28	+0.24	

NASDAQ Diary					
	Class	Prev.		Class	Prev.
Advanced	1,713	1,713		Advanced	1,713
Declined	1,713	1,713		Declined	1,713
Unchanged	1,713	1,713		Unchanged	1,713
Total Issues	1,713	1,713		Total Issues	1,713
New Issues	1,713	1,713		New Issues	1,713

AMEX Stock Index					
	High	Low	Close	Chg.	
Composite	371.85	370.85	371.75	+0.24	
Industrial	371.85	370.85	371.75	+0.24	
Transport	371.85	370.85	371.75	+0.24	
Utilities	371.85	370.85	371.75	+0.24	
Financial	371.85	370.85	371.75	+0.24	

## IBM Shares Rise on Rumors Of Big Job Cuts

NEW YORK — Shares in International Business Machines Corp. rose 30 cents to \$100 on Wednesday, amid rumors that the computer company may cut its workforce by 10,000 to 15,000 jobs.

IBM refused to comment. Such a move would be a big shift, since IBM has had a no-layoffs policy for 40 years.

"If this were to be true, it would be a major positive to the stock," said Stephen Cohen, director of research at SoundView Financial Group.

Mr. Cohen said staff cut-backs would directly benefit IBM earnings, which are expected to be about \$9 per share this year, below their 1984 high of \$10.77 per share.

## NYSE Share Prices Finish Mixed

United Press International  
NEW YORK — Stocks closed higher in light trading on the New York Stock Exchange Wednesday, extending gains late in the day on renewed speculation that interest rates may be on the way down.

The Dow Jones industrial average, which rose 7.25 points Tuesday, gained 17.49 to close at 24,438.

Among broader market gauges, the New York Stock Exchange composite index rose 1.16 to 189.21 and Standard & Poor's 500-stock index rose 0.24 to 308.28. The price of an average share gained 2.25 cents.

Advances led declines by about a 5.5 margin. Big Board volume totaled about 145.7 million shares, compared with about 147.9 million shares traded Tuesday.

Analysts said investors' hopes that the Federal Reserve would lower interest rates were revived when the key federal funds rate, the rate banks use to make overnight loans to each other, drifted below 8 percent after the Fed unexpectedly added money to the banking system.

"There's a feeling that there's something afoot from the Fed," said Hugh Johnson, chief economist at First Albany Corp. in Albany, New York.

"Some folks are attaching some significance to the move down in fed funds," he said. "This was interesting on a day when the market really offered nothing else in the way of excitement."

On the trading floor, Texas Instruments was the most active NYSE issue, surging 4 1/4 to 34 1/4 after news that it had received a Japanese patent for its integrated circuit.

Honeywell followed, down 1 to 79 1/4.

Texas Utilities was third, up 1/2 to 34 1/4.

In the blue-chip sector, AT&T was up 1/2 to 43 1/4, IBM rose 1/4 to 100, and Chevron gained 1 1/4 to 44 1/4 on renewed takeover speculation involving Pennzoil. Coca-Cola was up 1/4 to 77 1/4 and McDonald's rose 1/2 to 32 1/4 as consumer issues fared well.

Among takeover-related issues, Holiday Inn was going ahead to acquire UAL fell 1 to 168 while AMR gained 1 to 65 1/4.

Precious metals issues gained on the rally in gold prices. Newmont Gold posted a gain of 1 1/4 to 50 1/4 while ASA rose 1/2 to 56 1/4.

Prices closed higher in moderate trading on the American Stock Exchange.

The Amex Market Value index rose 0.74 to close at 371.75. The price of an average share gained 3 cents. Advances led declines 310-234 among the 832 issues traded. Volume totaled 13,100,000 shares, compared with 11,870,000 traded Tuesday.

Echo Bay Mines led the Amex issues, down 1/4 to 19 1/4.

The National Association of Securities Dealers composite index closed up 1.00 at 455.14.

## World Stock Markets

Amsterdam					
	Class	Prev.		Class	Prev.
ABN	37.25	37.25		ABN	37.25
ABN	37.25	37.25		ABN	37.25
ABN	37.25	37.25		ABN	37.25
ABN	37.25	37.25		ABN	37.25
ABN	37.25	37.25		ABN	37.25

## U.S. Futures

Nov. 22

Grains					
	High	Low	Open	High	Low
WHEAT (CBT)	145.75	145.75	145.75	145.75	145.75
WHEAT (CBT)	145.75	145.75	145.75	145.75	145.75
WHEAT (CBT)	145.75	145.75	145.75	145.75	145.75
WHEAT (CBT)	145.75	145.75	145.75	145.75	145.75
WHEAT (CBT)	145.75	145.75	145.75	145.75	145.75

## Food

PORK BELLIES (CBT)					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Metals

COPPER (COMEX)					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Livestock

CATTLE (CBT)					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Industrials

LUMBER (CBT)					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Renault Plan Opposed

PARIS — Trade unions have vowed to fight the planned closure of the Renault plant in Paris suburb of Billancourt.

The CGT union said the planned closure was a "decision to submit to the demands of the European Community, which means Renault's production being cut by 25 percent."

## Currency Options

PHILADELPHIA EXCHANGE					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Financial

10 YR. TREASURY (CBT)					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Stock Indexes

SP COMP. INDEX (CBT)					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75

## Commodity Options

SUGAR					
	High	Low	Open	High	Low
Nov. 22	145.75	145.75	145.75	145.75	145.75
Nov. 22	145.75	145.75	145.75	145.75	145.75
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## BUSINESS BRIEFS

## Komatsu's Net Profit Increases 36%

TOKYO (AFP) — Komatsu Ltd. said Wednesday that net consolidated profit in the six months to October rose 36 percent, 133 billion yen (\$92 million), from the year-earlier period.

The world's second-largest producer of construction machinery said consolidated sales grew 13.4 percent, to 420 billion yen. Domestic sales grew 16 percent, to 287 billion yen, while sales abroad rose 8.3 percent, to 133 billion yen.

Komatsu said sales of hydraulic excavators and bulldozers made steady gains in Japan, while overseas sales were buoyed by active equipment investment in Europe and economic growth in the Asia-Pacific region. It said it planned to expand activities in the United States and establish a company in Europe to coordinate activities in the region.

## Vancouver Approves Li's Project

VANCOUVER (Reuters) — The Vancouver City Council has given final approval to a \$1.7 billion urban development backed by the Hong Kong businessman Li Ka-shing.

The waterfront development on a 204-acre (82-hectare) site is to include 7,500 homes, two million square feet (185,800 square meters) of office space, 42 high-rise towers and a host of services ranging from marinas to schools and day-care centers. The project, billed as the largest urban renewal project in North America, won approval late Tuesday.

## Nestle Records 25% Rise in Sales

VEVEY, Switzerland (AFP) — The chocolate maker Nestle SA said Wednesday that sales in the 10 months ended Oct. 31 rose 25 percent, to 40.5 billion Swiss francs (\$25 billion), from the year-earlier period.

The company said it was expecting an overall increase in annual sales of well above 15 percent, with a similar rise in consolidated net profit.

## Loan Provision Cuts ANZ's Net Profit

MELBOURNE (Reuters) — Australia & New Zealand Banking Group said Wednesday that net profit for the year rose 43 percent, to 721.7 million New Zealand dollars (\$246.6 million), but a provision for debt to less developed countries helped cut the result to \$18.0 million dollars.

The 221 million dollar debt provision has covered about 60 percent of the ANZ group's exposure, the managing director, Will Bailey, said in a statement. "We have now put our LDC debt behind us," he said. "Based on present market values no further provisioning is required."

## British Water Privatization Price Set

LONDON (Reuters) — Shares in the 10 water and sewage companies in England and Wales that are to be privatized next month will be offered at 240 pence (\$3.76) each, the government said Wednesday. The political controversy over privatization is expected to bring in \$2.2 billion.

Applications to buy shares must be filed between Nov. 29 and Dec. 6, and the basis of allocation should be known by Dec. 11.

## Weak Demand Cuts Electrolux Profit

STOCKHOLM (Reuters) — Electrolux AB said Wednesday its January to September profit after net financial items was 2.66 billion kronor (\$414.45 million), up 3 percent from 2.58 billion for the same period in 1988. Sales rose 18 percent, to 64.06 billion kronor, from 54.09 billion.

The company said a sharp downturn in consumer demand for household appliances, both in Europe and the United States, was responsible for third-quarter profit slipping to 668 million kronor from 765 million in the same quarter last year.

## BAT's Taxable Profit Climbs 20%

LONDON (AFP) — BAT Industries, the tobacco and services conglomerate, said Wednesday its taxable profit in the third quarter rose 20.7 percent, to \$448 million (\$702.5 million).

The company, subject of a hostile takeover bid earlier this year, said sales for the three months were up 20.2 percent, to \$5.05 billion. Pretax profit for the nine months totaled £1.22 billion, up 17 percent.

## Time to Sell Book Unit At a Loss

The Associated Press

NEW YORK — Time Warner Inc. said Wednesday that it had agreed to sell its Scott, Foresman & Co. textbook publishing subsidiary for \$455 million to a unit of Harper & Row Publishers Inc. Time Warner will take a \$175 million pretax loss on the sale.

This is Time Warner's first major sale of assets following Time Inc.'s agreement to buy Warner Communications Inc. for \$14 billion earlier this year.

The price is at the low end of the range estimated for a Scott, Foresman sale. Time bought Scott, Foresman in October 1986 for \$520 million in cash and assumed about \$50 million in debt.

Time Warner said that while proceeds from the sale would help reduce its debt, it sold the school and college textbook publisher because it was not one of its core businesses.

The deal makes Harper & Row, which is a subsidiary of Rupert Murdoch's News Corp., a major player in the educational publishing arena.

Time Warner had said repeatedly it had no plans to sell assets within its core businesses of magazines, film, entertainment, records, cable and pay television and consumer-oriented books.

The sale of the Glenview, Illinois-based publisher would result in a pretax loss of about \$175 million in the fourth quarter, Time Warner said.

The transaction is expected to be completed by the end of the year and is subject to regulatory filings. The purchase price includes assumption of \$46 million in debt.

In August, documents prepared by Wasserman, Perella & Co. and Shearson Lehman Hutton Inc., Time's investment bankers, showed that Scott, Foresman had an operating income of \$47 million in fiscal year 1989.

Harper & Row already has a college textbook division but sold its school textbook division five years ago. But in more recent years, Harper & Row has developed a major children's publishing program.

George Craig, president of Harper & Row, said the acquisition "rounds out the Harper & Row educational publishing program with a premier name in that field."

## Hanson Sells Gold Fields' Assets

Compiled by Our Staff From Dispatches

SYDNEY — Hanson PLC on Wednesday announced plans to sell more than \$1 billion in assets of Consolidated Gold Fields PLC, the British mining giant it acquired in July for \$3.5 billion (\$5.49 billion).

Hanson said it has agreed to sell ARC America Corp., the U.S. mining concern, to the diversified Australian building materials company CSR Ltd., for \$670 million.

Hanson also announced it had sold the remaining 8 percent shareholding in Gold Fields of South Africa Ltd. and its interests in Kloof Gold Mining Co. and other South African gold mining concerns for \$240 million.

In August, Hanson had sold a 30 percent stake in Gold Fields of South Africa to Rembrandt Group Ltd. and Asteroid Pty. for \$388 million. The buyers of the remaining 8 percent stake were not identified.

The asset sales had been expected in the wake of Hanson's takeover of Gold Fields. Analysts have said they believe Hanson will eventually sell all of the worldwide mining interests of Gold Fields in an effort to reduce the cost of financing the takeover.

In making the ARC America acquisition, CSR said the move will allow it "to take advantage of the anticipated rebuilding of the U.S. infrastructure."

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Mr. Burgess said the purchase would allow the company to expand in the United States without major risk.

"It is an investment capable of being built onto with very low risk," Mr. Burgess said. "It will make us the largest concrete pipe and block producer in the United States," he said.

ARC had a net asset value of \$363 million as of June 30, 1989, and posted a pretax profit of \$47 million in its 1989 financial year.

Mr. Burgess said that it would take about a year for CSR to make improvements to obtain the full benefit of the acquisition. He said CSR would sell certain ARC assets but declined to specify what assets would be sold.

CSR's only other major U.S. operation is Rinker Materials Corp., a Florida-based quarrying and cement concern, which it bought 18 months ago for \$515 million.

Completion of the ARC acquisition, which in addition to the purchase price includes the assumption of \$20 million in debt, is expected in January.

CSR also reported Wednesday that its net profit for the six months to Sept. 30 rose to 233.7 million Australian dollars (\$181.8 million) from 147.2 million dollars for the same period a year earlier.

Profit from building and construction material rose to 115.9 million dollars from 68.1 million.

(A.P., Reuters)

Tokyo Pacific Holdings N.M.

Tokyo Pacific Holdings (Seaboard) N.M.

The Quarterly Report as of 30th September 1989 has been published and may be obtained from:

Pierson, Haldridge & Pierson N.V.  
P.O. Box 243, 1000 AE Amsterdam

National Westminster Bank PLC  
Stock Office Services  
3rd Floor  
20 Old Broad Street  
London EC2N 1B

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D 4000, Düsseldorf 1

Sal. Oppenheim jr. & Cie.  
Unter Sachsenhausen 4, D 5000, Köln 1

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B 1000, Bruxelles

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3 Rue d'Annun, Paris 2

Banque Paribas (Luxembourg) S.A.  
10a Boulevard Royal, Luxembourg

Merrill Lynch International & Co.  
all European Offices

Rothschild Australia Limited  
Royal Exchange Building  
56 Pitt Street, Sydney NSW 2000

LUXOR INVESTMENT COMPANY

Société Anonyme

R.C. Luxembourg B27.109

NOTICE OF MEETING

Notice is hereby given that the ANNUAL GENERAL MEETING of LUXOR INVESTMENT COMPANY will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on:

Wednesday 13th December, 1989 at 14 hours,

for the purpose of considering the following Agenda:

1. To receive and adopt the Management Report of the Directors for the year to 30th September 1989.

2. To receive and adopt the Report of the Statutory Auditor for the year to 30th September, 1989.

3. To receive and adopt the Annual Accounts as at 30th September, 1989.

4. To grant discharge to the Directors and the Statutory Auditor in respect of the execution of their mandates to 30th September, 1989.

5. To receive and set on the statutory nomination for election of the Statutory Auditor for a new term of one year.

6. To appropriate the earnings.

7. To transact any other business.

The resolutions will be carried by a simple majority of those present or represented and voting.

The shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not later than twenty-four hours before the Meeting.

By order of the Board of Directors  
J. Pierson  
General Manager

This announcement appears as a matter of record only.

22nd November, 1989

Türkiye Cumhuriyeti  
(The Republic of Turkey)

U.S.\$250,000,000

9¾ per cent. Bonds Due 1995

Issue price: 100 per cent.

Sumitomo Finance International

Bank of Tokyo Capital Markets Group

Chase Investment Bank

DG Bank — Deutsche Genossenschaftsbank

Fuji International Finance Limited

J.P. Morgan Securities Ltd.

The Nikko Securities Co., (Europe) Ltd.

Nomura International

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

COMMERZBANK

AKTIEGESELLSCHAFT

Goldman Sachs International Limited

Swiss Bank Corporation

Investment Banking

Yamaichi International (Europe) Limited

Wednesday's  
NYSE  
Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730
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## Bond Corp. Hit by Double Blow

Compiled by Our Staff From Despatches

**SYDNEY** — Bond Corp. Holdings Ltd. suffered a double blow on Wednesday, as its shares were suspended from the Australian Stock Exchange while debt owed by a subsidiary was downgraded by a major U.S. rating agency.

The Australian exchange said it suspended shares in Bond Corp. and its 75 percent-owned subsidiary Bell Resources Ltd. after the companies failed to submit annual reports on time.

The news came shortly after Moody's Investors Service, the U.S. credit rating agency, an-

nounced that it had lowered its rating on 650 million Australian dollars (\$505.7 million) of debt owed by Bond's holding group, Bond Brewings Holdings Ltd.

Moody's decision to drop the debt rating for Bond Brewings to CAA from B-3, and that of its wholly-owned unit Bond Brewings Western Australia to CAA from B-2, means it considers the companies a poor risk rather than just an undesirable investment.

Peter Lucas, the Bond Corp. executive director and corporate spokesman, said the Moody's move came as no surprise.

"It is after all simply taking up what's been published over the last couple of weeks, so it's not a surprise," Mr. Lucas said.

But Bond Corp. reacted sharply to the suspension of its shares.

"It achieved nothing to suspend the shares of these companies except to disadvantage shareholders," Bond Corp. said in a statement.

Although the complete financial reports were not ready, Bond Corp. said photocopies of the new version have been available for more than a week and that it expects the final version to reach shareholders this week.

A stock exchange spokesman said photocopies did not meet its requirements, made clear by Mr. Lucas described as harsh.

"The market has been fully informed," Mr. Lucas said. "There's been extensive press coverage of the contents of report, so I don't think anyone could suggest for one minute that the market was ill-informed."

The photocopied report released last week showed that Bond Corp. had debts of 6.9 billion dollars, and was accompanied by a heavy-qualified auditors report questioning the value of several major Bond Corp. assets.

The auditors had said there was some doubt that Bond Corp. could continue as a going concern. Before the first half ended June 30, the group's net profit fell to 17.7 million Singapore dollars from 20.4 million dollars in the year-earlier period.

## National Iron Forms Venture With Chinese

Reuters

**SINGAPORE** — National Iron & Steel Mills Ltd. has formed a major joint venture with a Chinese construction firm, the first big business deal announced between a Singapore company and a Chinese concern since Beijing's crackdown on the pro-democracy movement in June.

The venture with China State Construction Engineering Corp., China's largest state construction firm, will be called CSC Enterprise (Singapore) Pte. It will explore new markets for Chinese building materials and machinery in Asia, the Middle East and Africa, using Singapore as a procurement center.

The new company would also allow National Iron to bid jointly with CSC in tenders for overseas projects.

CSEC has so far built 45 construction projects in foreign countries, mostly in the Middle East and Africa, sources said.

"The latest venture is good corporate news for National Iron," a broker said. The group's net profit fell to 17.7 million Singapore dollars in the first half ended June 30, from 20.4 million dollars in the year-earlier period.

## NTT Posts Slight Profit Rise

Reuters

**TOKYO** — Nippon Telegraph & Telephone Corp. reported Wednesday that its parent net profit in the six months ended Sept. 30 rose 13.5 percent to 114.30 billion yen (\$791.8 million), from 100.71 billion yen a year earlier.

NTT, the world's largest company in market capitalization, also said it expects net profit to rise a mere 2.1 percent in the full year to March 31, 1990. The dull performance contrasted with strong results of its smaller, newer competitors.

"The only comment I can make is in comparison with how good the new carriers are," said John Donald, telecommunications analyst at Jardine Fleming Securities Ltd.

"There is very strong growth on

the part of the new carriers and zillion on the part of NTT," said Alan Woodhull, a senior analyst at Merrill Lynch Japan Inc. "They can't all grow at the same time so NTT is going to shrink."

Daini Denden Inc. forecast 1989/90 current profit of 14.5 billion yen, up from 4.48 billion a year earlier. Japan Telecom Co. expects current profit of 7 billion yen in the year ending March 31, 1990, against 1.82 billion yen the previous year. Telex Japan Corp. forecasts 1989/90 current profit of 600 million yen against a loss of 4.29 billion a year earlier.

NTT forecast net profit in the year to March 31, 1990, of 236 billion yen against 230.60 billion a year earlier, and current profit of 430 billion against 425.90 billion.

## SAVE & PROSPER BALANCED FUND

Société d'Investissement à Capital Variable  
24-28, rue Jean l'Aveugle - LUXEMBOURG  
R.C. Luxembourg B22823

### NOTICE

is hereby given that an extraordinary general meeting of shareholders will be held at the registered office at Luxembourg on Friday, December 8, 1989 at 11:00 a.m. in order to resolve about the following amendment to the Articles of Incorporation:

— Amendment of Article 2 of the Articles of Incorporation in order to delete the third and the fourth sentence so that this article will be read as follows:

The Corporation is established for a period of ten years from the date of the incorporation. The life of the Corporation may be extended successively, or the Corporation may be dissolved prior to the end of its life, by a resolution of the shareholders adopted in the manner provided for amendment of these articles of incorporation. The Corporation may enter into commitments extending beyond its life.

The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions must be passed by an affirmative vote of two-thirds of the shares present or represented at such meeting.

Proxy forms are available upon request at the registered office. In order to be valid, proxy forms duly completed must be received at the registered office on December 4, 1989 at 5:00 p.m. at the latest.

The Board of Directors

## OBLI - GULDEN

Société d'Investissement à Capital Variable  
R.C. Luxembourg B27.547  
AVIS AUX ACTIONNAIRES  
CONVOCAZIONE

Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de OBLI-GULDEN, Société d'Investissement à Capital Variable, qui sera tenue au siège social, 10A, Boulevard Royal, Luxembourg, le Mardi 12 décembre 1989 à 11 heures

et qui aura l'ordre du jour suivant:

1. Recevoir et adopter le rapport de gestion du Conseil d'Administration pour l'exercice clos au 30 septembre 1989.
2. Recevoir et adopter le rapport du Commissaire pour l'exercice clos au 30 septembre 1989.
3. Recevoir et approuver les comptes annuels arrêtés au 30 septembre 1989.
4. Arrêter la répartition bénéficiaire de la Société.
5. Donner quittance aux Administrateurs et au Commissaire pour l'accomplissement de leur mandat jusqu'au 30 septembre 1989.
6. Reconstituer le mandat des Administrateurs et du Commissaire pour un terme d'un an devant expirer à la prochaine Assemblée Générale Ordinaire des Actionnaires.
7. Ratifier la nomination par le Conseil Général réuni le 31 juillet 1989 de M. Boudevijn Schoon au poste d'Administrateur en remplacement de M. Marcel Gaillard.
8. Divers.

Les actionnaires nominatifs inscrits au registre des actionnaires à la date de l'Assemblée Générale sont autorisés à voter ou à donner procuration en vue du vote. Les procurations doivent parvenir au siège social au moins 24 heures avant la réunion.

La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 23 novembre 1989.

Des formules de procuration sont disponibles sur demande au siège social de la Société.

Pour le Conseil d'Administration  
J. Piercen  
Directeur Général

## PATENT: Electronics Milestone

(Continued from first finance page)

Other analysts said Texas Instruments might negotiate to obtain more rights to proprietary technology from Japanese chip makers instead of cash, but company officials declined to comment.

A company spokesman, Stan Victor, said Texas Instruments did not announce the ruling even though it became aware of it last month. "We took a fairly Japanese way of receiving the patent, in letting other people break that news or describe its importance," he said.

The company's statement Tuesday came after trading closed on the New York Stock Exchange at 4 P.M.

Its stock had opened Tuesday at \$28.75, an intraday low for the year, after the company had announced a \$55 million pretax charge for cost-cutting that would involve the loss of 1,500 jobs. But shares rose late in the session as rumors spread of the patent award.

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## YEMEN ARAB REPUBLIC INVITATION FOR PREQUALIFICATION FOR THE SUPPLY OF FURNITURE AND EQUIPMENT FOR THE FACULTY OF AGRICULTURE SANA'A UNIVERSITY

Sana'a University intends to issue invitations to tender for the supply, installation and commissioning of a finite list of Furniture and Equipment, to completely furnish and equip a new college of Agriculture, consisting of ten buildings. It is anticipated that construction of the college buildings will be completed by June 30, 1991. Issue of invitations to tender is scheduled for February 15, 1990 and receipt of tenders for June 15, 1990, with award of contract about September 1, 1990. The Furniture and Equipment is to be installed and commissioned between July 1, 1991 and August 31, 1991.

Financing of the cost of the Furniture and Equipment will be by the Islamic Development Bank, The Saudi Fund for Development and the Government of the Yemen Arab Republic.

Only prequalified firms will be invited to submit tenders. The list of prequalified firms will be prepared after review of completed prequalification questionnaires. Companies interested in submitting tenders must submit a letter requesting a set of prequalification forms. This letter is to be addressed to:

Projects Unit - Attn. Tarek Afif  
Sana'a University  
P.O. Box 1247  
Sana'a, Yemen Arab Republic

In order to receive consideration, the completed prequalification forms must be received by Sana'a University no later than December 15, 1989.

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## INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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## SPORTS

## Zurbriggen and Girardelli Chase Fourth Ski Title

**Reviewers**  
PARK CITY, Utah — Pirmin Zurbriggen and Marc Girardelli have their eyes on the record of four overall World Cup titles held by Italian Gussak Thoenen when the men's alpine ski season gets under way in earnest on Thursday.

Zurbriggen of Switzerland and the Austrian-born Girardelli, who races for Luxembourg, have dominated the World Cup for the past six seasons, winning three overall titles each. Both are 26.

Zurbriggen, who has already announced that this will be his last season of competition, would love to exit on top, but Girardelli, who returned to his best form last winter and took the title, is equally determined to stop him again.

Nor are they alone. The season promises a renewed challenge from Alberto Tomba, the exuberant Italian who burst on the scene with a series of victories in the 1987-88 cup. There is also a fresh face in Ole Christian Furuseth of Norway, leader of the standings after the two opening races in Australia in August.

But Zurbriggen and Girardelli are the two skiers capable of picking up points in every event.

Zurbriggen, married at the end of September, is eager to put behind him a disappointing season in which illness and a bad crash at the World Alpine Ski Championships last February in Vail, Colorado, left him with only the World Cup giant slalom crown.

"I still have the same fun from skiing, and I am as ambitious as ever," he said. "I would especially like to win the Wengen downhill, because I have never won there, and get a fourth World Cup. It's now or never, after all."

"I think I've chosen the right moment to stop. It's time to start a new life. I've been racing for 10 years in the World Cup. Now I'm happy to start a family."

"To be at top level when you are an all-round skier demands a complete sacrifice to the sport. For some time I've felt that my concentration was not as complete as it was when I started," Girardelli has said. He plans to continue racing for at least another four years.



Last season, Marc Girardelli became the first in one season to win races in all disciplines: slalom, giant slalom, super-giant slalom and downhill.

The Luxembourg skier, who last winter became the first in one season to win races in all four disciplines — slalom, giant slalom, super-giant slalom and downhill — has made the bold decision to switch skis and has had to put in extra training to become comfortable with his new equipment.

You should need around 400 points," he said, clearly remembering that he was the first to break the 400-point barrier last winter.

Tomba had only one race victory last season after his meteoric rise the previous year when he won 11 times, including two events at the Olympics. But his confidence has returned after

some hard training with his former idol, Thoenen, and he is back down to his ideal race weight of 90 kilograms (198 pounds).

The 23-year-old Furuseth, who has emerged as a force in the past 12 months, placed second in both the Australian races in Thredbo and threatens to win a lot of points in the technical disciplines. He has indicated that he will also race one or two downhills, the premier speed discipline.

Rudolf Nierlich, star of the last year's world championships, where he won two gold medals, should be a strong contender in the slalom and giant slalom. But his chances of becoming the first Austrian to win the World Cup since Karl Schranz in 1970 look slim since he does not race the downhills.

The season resumes with a slalom and giant slalom in Park City, followed by three more technical races in Waterville Valley and Canada's Mount St. Anne.

The tour then leaves North America for Europe and the traditional Val d'Isère downhill in France on Dec. 9.

## Women's World Cup Skiers Will Chase Schneider

**Reviewers**  
PARK CITY, Utah — Vreni Schneider, the Swiss queen of the ski slopes, will have to take on the rest of the world when the women's alpine skiing season resumes on Friday.

The 25-year-old Schneider dominated last winter so thoroughly that she ended with a record 14 victories, took the overall World Cup title for the first time and added a world championship giant slalom gold medal for good measure.

She lost only two races in her favored technical events: a World Cup giant slalom in Furano, Japan, and the slalom at the World Alpine Ski Championships in Vail, Colorado, in February, which was won by Mateja Svet of Yugoslavia.

The extent of her domination recalls the exploits of the legendary Austrian, Anne-Marie Moser-Proell, who was virtually invincible in the 1970s.

Schneider is only the fourth woman to have won world and Olympic gold medals as well as an

overall World Cup title. She follows in the footsteps of Moser-Proell, Hanni Wenzel of Liechtenstein and Michela Figini, a fellow Swiss.

Despite an easy-going nature, Schneider has an iron will to win. She has trained as hard as ever for the new season, even though she took some time off to write her autobiography with the help of a journalist.

Should Schneider not reach last year's standard of excellence, the World Cup title is still most likely to stay in Switzerland thanks to the talent of Figini and Maria Walliser, both past winners.

Figini, Olympic downhill champion in 1984 as an 18-year-old, still needs to find her touch again in the giant slalom, where she used to pick up points with much greater ease.

Walliser, the 1987 and 1989 downhill world champion, toyed with the idea of retirement last season before deciding she was still not ready, at the age of 26, to drop out of competition after 10 years on the World Cup circuit.



Despite an easy-going nature, Schneider has an iron will to win. She has trained as hard as ever, even though she took some time off to write her autobiography.

Svet, whose victory over Schneider at the world championships gave her the fifth medal of her career, is perhaps the most gifted of the non-Swiss racers. But her distaste for downhills and an inability to maintain concentration and determination for a whole season — to the frustration of her Yugoslav entourage —

make her chances of winning the World Cup slim.

The Austrians are an increasing threat, but Anita Wachter, who won the super-giant slalom at Las Leñas in Argentina when the season opened in August, lacks consistency despite an ability to pick up points in all disciplines.

Sigrid Wolf, the Olympic su-

## A \$1 Billion U.S. TV Package

## CBS Signs 7-Year Deal on NCAA Basketball Tournament

By Jeremy Gerard  
New York Times Service

NEW YORK — The CBS television network has agreed to pay \$1 billion for the exclusive right to present the National Collegiate Athletic Association basketball tournament for seven years, beginning in 1991.

It is the first television sports deal in recent years to exclude cable television from a major event, and includes a plan by CBS to broadcast all 63 games of the tournament.

In addition, 16 other college championships, some of which cable has traditionally relied on, will revert to broadcast television.

In announcing the deal, Neal H. Pilson, the president of CBS Sports, said Tuesday that the audience for sports programs had been increased by coverage by the cable networks, and that CBS would benefit from that exposure by having exclusive rights to the basketball championship.

CBS has broadcast some games in the basketball tournament since 1962, but ESPN, a sports cable network, has shown early-round games.

The new agreement is reconfiguring in both cost and duration. CBS currently has a three-year contract with the NCAA, for which it paid \$166 million, or \$55.3 million a year. The new contract increases that amount to an average of almost \$143 million a year, although the payments will gradually increase over the course of the contract.

Among the other championship events CBS agreed to broadcast are the College World Series in baseball, gymnastics, track and field, wrestling, swimming and diving, as well as increased coverage of women's basketball.

In a move that will force CBS to find new advertisers to support the deal, the network also agreed to the NCAA's requirement to broadcast one-third fewer beer commercials during the games. Under the arrangement, CBS will reduce beer commercials to 60 seconds per hour from the current level of 90 seconds per hour.

The new contract would end the NCAA's 11-year relationship with ESPN, which has been telecasting the first round of the basketball tournament, including 19 games this year.

## Money Amazes Coaches

News of the contract floored some coaches, who warned that the potential jump in income for tournament winners could increase the pressure to cheat. The Associated Press reported.

"One billion? That's unbelievable," Iowa State's Johnny Orr said. "Unless they distribute the money to everyone, it definitely will increase the pressure to cheat."

There will be some people who say to divide it among all 291 Division I schools, but I promise you not everybody will go for that."

Oklahoma's Billy Tubbs also feared a drastic increase in the pressure to win. "A lot of good coaches have run clean programs, emphasized academics, failed to win and been fired," he said. "I'm

not saying give the money to coaches, but use it to help coaches get job security. Hopefully, this will enable us to get job security without having to unloose."

The NCAA's executive director, Dick Schultz, denied that the contract would further corrupt college sports programs. The basketball tournament supplies about 75 percent of the NCAA's current operating budget.

"We are suggesting these dollars be distributed on the basis of excellence in broad-based programs with a real important aspect of enhancing graduation rates of athletes," Schultz said.

"Rather than placing the emphasis on winning and advancing, we want to place the emphasis on educational based values."

## SIDELINES

## Appeal Could Delay America's Cup

SAN DIEGO (AP) — A decision allowing Michael Fay of New Zealand to continue his appeal of the America's Cup could delay the planned 1992 race until 1993 unless a final ruling by the New York State Court of Appeals is made in the next five months, race organizers say.

On Tuesday, Fay was granted the right to appeal a New York court ruling awarding the America's Cup to the San Diego Yacht Club, which already is planning the cup defense for May 1992 off San Diego.

But because of an agreement worked out in 1988, if the appeals process is not completed by May 1990, the next races cannot begin until 1993, whether they are in Auckland, New Zealand, or San Diego. Dennis Conner's San Diego entry last fall of an unprecedented twin-hulled catamaran prompted lawsuits by Fay's Mercury Bay Yacht Club.

## World Hockey May Be Annual Event

TORONTO (AP) — The world ice hockey championship, which was not contested in Olympic years during the 1980s, will likely return to an annual format, International Hockey Federation says.

The proposal is expected to be formally adopted at International Ice Hockey Federation meetings during the 1990 world championships in Berlin, next April. The return to annual world tournaments was spurred by the International Olympic Committee's decision to hold Winter Games in 1992, then again in 1994, as part of its plan to alternate Winter and Summer Games every two years.

Federation delegates say skipping world tournaments in 1992 and again in 1994 would make it impossible to meet sponsor commitments.

## For the Record

The Trinidad and Tobago Football Association is investigating the collapse of security which allowed National Stadium in Port of Spain, Trinidad, to fill to 5,000 over capacity while thousands with tickets milled outside during the decisive World Cup soccer qualifier, won by the United States, 1-0, last Sunday.

Austria has been selected as the site for next year's European Championships' Cup final and Sweden will host the Cupwinners' Cup final, it was announced Tuesday by UEFA, Europe's soccer authority.

David Graham of Australia, a former U.S. Open and U.S. PGA golf champion, plans to retire from the sport next year to devote more time to his Dallas-based golf course design company, he said Wednesday.

## BOOKS

## THE CLOTHES HAVE NO EMPEROR

By Paul Slansky. 288 pp.; \$12.95; Fireside/Simon & Schuster, 1230 Avenue of the Americas, New York, N.Y. 10020.

Reviewed by Stephanie Theobald

THE American '80s have been caught red-handed; they've been switched on, caught by the scruff of the neck, and the beans are spilling all over the place. In "The Clothes Have No Emperor," Paul Slansky proves beyond all reasonable doubt that the Free World for a period of eight years was presided over by two holograms — one of them Nancy Reagan, who at least bedazzled herself to the extent that she was described as "Zorro's mother" by one British critic, and the other, Ronald Reagan, who didn't even wear particularly nifty clothes. In any case, Reagan's wardrobe is not gone into in detail. Suffice it to say that he is portrayed throughout Slansky's '80s with his trousers well and truly down. As for Slansky's sartorial tendencies, he is snapped on the back cover of "The Clothes Have No Emperor" with his top button undone and his tie slouching round his neck. Beware. This man does not mind his "P" and "C."

Slansky laughs at stupid people and so he should. As Reagan has progressively

attempted to convert life into a fairy tale world of fiction, this "chronicle of the American '80s" readers Ronnie's incessant clangers even more grotesque by placing the Great Communicator's doggerel within a framework of the author's own acerbic wit. Eight years' effort of compiling newspaper clippings has resulted in a caustic pie vision of a nation on the verge of a coma, an America that is amusing itself to death.

As many Reagan analysts before him, Slansky sees the President's time in office as a continuation of his B-movie years. But no amount of critical appreciation can do justice to the hundreds of corking good lines that Slansky has pinned on the Reagan menagerie: Meese the porcine is captured trying to do a Saatchi and Saatchi job on Scrooge: "Scrooge... suffered from bad press in his time. He didn't really exploit Bob Cratchit. He lived in a house, not a tenement, his wife didn't have to work... He was able to afford... roast goose and plum pudding... so let's be fair to Scrooge." Koch the rat confesses modestly: "My problem is a simple one. I'm not capable of blathering pap." And let's not forget George Bush, who is summed up by Mike Royko as having "the look about him of someone who might sit up and yip for a Dog Yummy."

Yes, all the old favorites are here: Jodie Foster and the John W. Hinckley nuttier, the Falklands, the Challenger space shuttle, John Lennon, the Achille Lauro hijacking, Michael Jackson, the Iran-Contra

scandal, "Dynasty," and a report issued in Atlanta on June 5, 1981, that talks of "unexplained outbreaks of a kind of pneumonia" which is "somehow... related to gay lifestyle."

Ironically, of course, Slansky is fighting a losing battle. He is preaching to the silent Republican voting majority. This is a flick-throughable book if ever there was one. It is laid out clearly with lots of funny pictures, is filled with lots of "did you know" quizzes, and the whole '80s saga is cut up into manageable bite-sized pieces. But it's more than a novelty book. It is destined to be bought and skimmed by people with places to go, people to see, things to do. It will be read after dinner parties by corporate investment bankers specializing in integrated sales techniques while they listen to Sade on the hi-fi and wait for the crème de menthe to arrive. They will memorize a few choice quotes (Stallone's "Cobra" is, for instance... a piece of steaming crud...), then store them up for further reference, in case they are unexpectedly called upon to be interesting one day at a cocktail party. And people will be impressed. Because only a few will realize that there are no emperors anymore — that the world is being assailed by empty suits, by clothes with nothing in them but inexhaustible supplies of hot air.

Stephanie Theobald is a recent graduate of Cambridge.

## BRIDGE

By Alan Truscott

GOING into the final day of the American Contract Bridge League's Fall Nationals in Lancaster, Pennsylvania, the standings of the Men's Teams, by captain, were: Steve Robinson, 36.25; Zia Mahmood, 35.94; Al Rand, 35.19; Ralph Katz, 35.19.

In the Reisinger Teams, Zia Mahmood, of Manhattan, led a cosmopolitan squad: Sam Lev of Israel, Mark Molson of Montreal, Michael Rosenberg, a Scotsman living in Manhattan, and Chris Cusumano of Houston.

On the diagramed deal Zia showed his bidding flair. Holding a strong defensive hand, and his partner marked by his negative double with moderate strength and heart length, he was astonished to hear his opponents bid to the three-level.

He could have doubled three times, with a chance to collect 800, but preferred three no-trump, knowing that he would have clues to the distribution and that the opposing hands would be disconnected.

West surprised him, but did not hurt him. With a low heart lead, and when he won with the ten he diagnosed West with 7-4-2-0 distribution.

He led a low diamond, and South won and cashed the heart king, the spade ace and the diamond ace. He then played a diamond, forcing East to lead from the club king. He thus made an overtrick, while his teammates defeated a four-heart contract by three tricks.

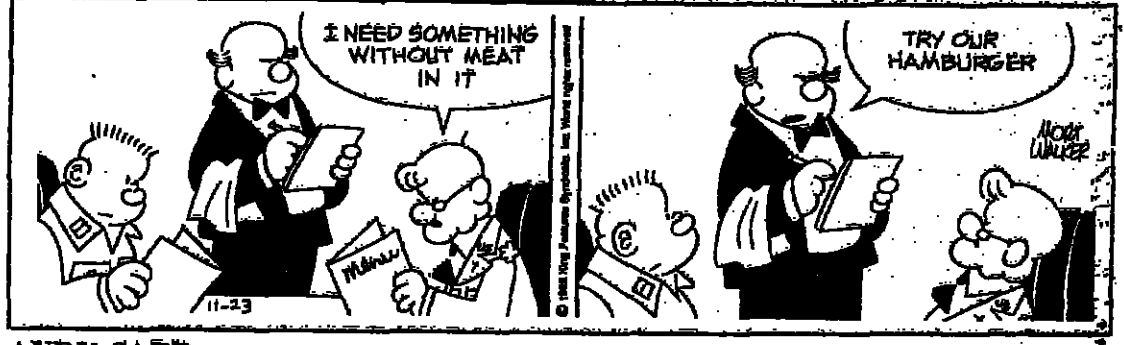
NORTH			
♠	A 8 7 5 4 3	♥	Q 10 8
♦	Q 10 8	♣	Q 4
SOUTH			
♠	A Q 7	♥	Q 8 6 5
♦	A 7 3	♣	K J 10 8 7 5 3 2
♠	A 9 8	♥	A 9 8

North and South were vulnerable.  
The bidding:  
South: 1♣, 2♦, 3NT.  
West: 1♥, 2♠, 3NT.  
East: Pass.  
South led the heart two.

## PEANUTS



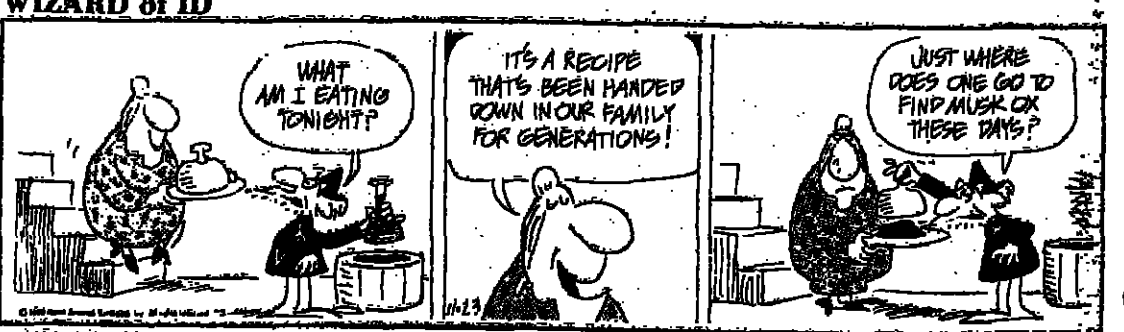
## BEETLE BAILEY



## ANDY CAPP



## WIZARD OF ID



## REX MORGAN



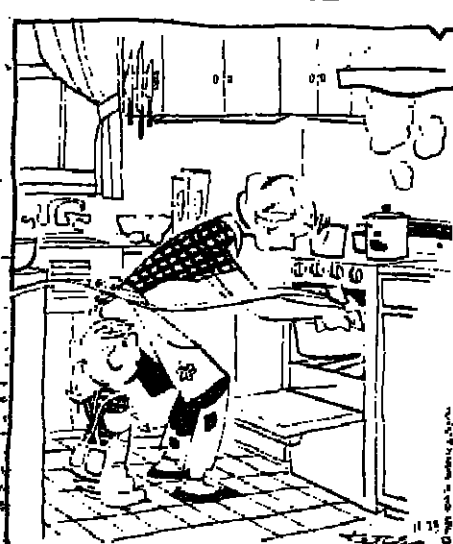
## GARFIELD



## DOONESBURY

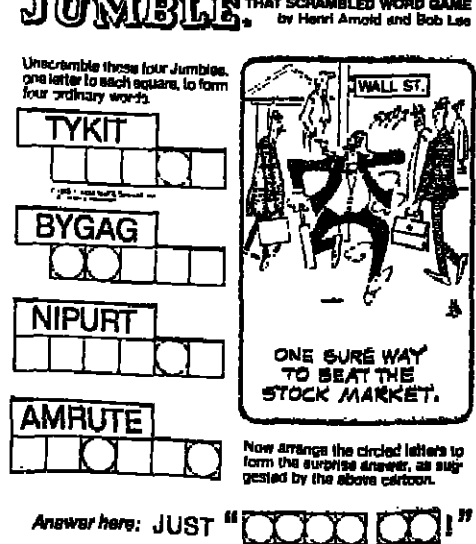


## DENNIS THE MENACE



So who did the dishes back then... THE PILGRIMS OR THE INDIANS?

## JUMBLE



Yesterday's Jumble: WHILE AFTER BUSILY AMBUSH  
Answer: What's the underground movement that's going on in many big cities?—THE SUBWAY

## BLONDIE





## SPORTS

## Ewing vs. Olajuwon: Classic Rivalry for NBA's Top Centers

By Sam Goldpaper  
New York Times Service

NEW YORK — They have met only eight times, once as colleagues with a national championship at stake, the other seven times as pros.

But there is still one of basketball's pre-eminent matchups: Patrick Ewing of the New York Knicks versus Hakeem Olajuwon of the Houston Rockets, unquestionably the dominant big men in the NBA today.

The rivalry has become so intense that it is reminiscent of the one played out by Bill Russell and Wilt Chamberlain from their first meeting, on Nov. 9, 1959, at Boston Garden, to their last, in 1969, when Russell retired.

The eighth meeting between Ewing and Olajuwon took place Tuesday night at Madison Square Garden in New York. But the circumstances of this meeting were a little different than usual.

When the two jumboed at center, Olajuwon wore a full-length beige stocking to keep his left leg warm and the blood circulating.

The stocking was a reminder of the anxious moments Olajuwon spent last summer until they learned whether and when Olajuwon

would be medically cleared to resume his pro career.

Olajuwon, a five-time National Basketball Association All-Star, who averaged 24.8 points a game and led the league in rebounding with 13.5 a game last season, was diagnosed last July as having thrombophlebitis, a blood clot in the calf of his leg.

"I got a kick in my leg during a pickup basketball game," Olajuwon was quoted as having said at the time. "When the pain wouldn't go away and I had trouble walking, I went to see the doctor. They checked me into the hospital."

Olajuwon spent one week at Sharpstown General Hospital in Houston, where the blood clot was discovered in an extensive examination of his veins and arteries. He was placed on blood-thinning medications for four months to prevent further clots.

At the time, there was no prediction about when he would be able to play with the Rockets.

"Normally, a person with a blood clot spends three to six months on blood-thinner medications before something like this," said Ray McElmorie, the Rockets' trainer, who monitored

Olajuwon's recovery. "Akeem is virtually healed now."

After missing Houston's seven-game exhibition schedule, he was taken off medication several days before the start of the NBA season on Nov. 3.

His playing time in the Rockets' season opener, a loss to the Los Angeles Clippers, was limited to 19 minutes, and at times he looked

The rivalry has become so intense that it is reminiscent of the one played out by Bill Russell and Wilt Chamberlain from their first meeting, in 1959, at Boston Garden, to their last, in 1969, when Russell retired.

like a player who had missed more than three months of practice and playing.

In that game, he missed six of his first eight shots from the field before finishing with 19 points (7 for 15), seven rebounds and five blocked shots.

Eight days and four games later, against the Utah Jazz, the real Olajuwon was back.

In the Rockets' 100-92 victory,

Olajuwon had 24 points, 21 rebounds and 12 blocked shots while matched against 7-foot, 4-inch (2.26-meter) Mark Eaton.

After that game, John Killian, a Rockets assistant coach and the director of player personnel, said: "Akeem's first quarter against the Jazz may have been the best I've ever seen. . . . Any time a Utah shooter was within 20 feet, he was

game, 114-106. Olajuwon, who got into foul trouble early, picked up his fifth a minute into the overtime and finished with 11 rebounds to Ewing's nine.

In the last minute of regulation, with the score tied 102-102, both teams went to their big men. But Olajuwon's last attempt was blocked by Ewing and Kenny Walker. The Knicks got the ball to Ewing at the other end but he, too, was blocked, by Olajuwon.

Unlike Russell and Chamberlain, who did not like each other, Ewing and Olajuwon have mutual respect.

"He's a great player and a good guy," Ewing said, adding with a smile: "So am I."

The centers have a lot in common. Both were born outside the United States, Ewing in Jamaica and Olajuwon in Nigeria. Olajuwon is 26 years old. Ewing 27. Both were first picks overall in the league's draft. Olajuwon from the University of Houston in 1984 and Ewing from Georgetown University in 1985. Both are big, strong and incredibly swift. Both are dominating at both ends of the floor, and both have a tremendous desire to win.

Asked whether Olajuwon or Ewing was the better player, the

Rockets' coach, Don Chaney, smiled and said: "Naturally, I have to pick my man. But there is little to choose from. Both are great players who get the job done."

Chaney then compared the two. "Patrick is the typical center, while Akeem is more the power forward-center type. Akeem is quicker and has more motion, while Ewing is far the better passer from the post. Both shoot the outside jumper and are great shot blockers. Ewing is bigger."

What did he mean, Ewing was bigger? Aren't they both listed at 7 feet (2.14 meters)? "Ewing is 7 feet tall," Chaney said. "Akeem is not. He's about 6-10 1/2."

Ewing and Olajuwon met for the first time on the court in 1984 at Seattle in the Final Four of the National Collegiate Athletic Association tournament. Olajuwon outscored Ewing, 15-10, but Georgetown beat Houston, 84-75.

In their NBA meetings before Tuesday, Olajuwon had gone against Ewing four, matching strength with strength. Ewing had run the floor and Olajuwon had tagged along. Their scoring averages: Olajuwon, 24.7; Ewing, 22.5. The Knicks and Rockets had each won three times.



Ewing scoring 2 of his 33 Tuesday. Olajuwon fouled out with 23.

## Napoli Beaten by Germans

The Associated Press

A last-minute goal by New Zealander Wynton Rufer gave West Germany's Werder Bremen a possibly decisive 3-2 victory against defending champion Napoli in a first-leg game of the UEFA Cup third-round on Wednesday in Naples.

The West German team, which led 1-0 at halftime, is likely to successfully defend its advantage, benefiting from the home factor in the return-match scheduled in Bremen on Dec. 6.

Rufer tallied the winning goal in the 90th minute, following a fast counterattack, as the home team was pressing in Werder's midfield.

The Neapolitan team, which initially fielded its best 11 men, including Diego Maradona, looked more confident after rallying from a 0-2 deficit to a 2-2 tie by the 64th minute.

Napoli, which had won last year's Cup final by defeating another West German team, Stuttgart, suffered from the aggressive and athletic play of Werder, especially during the first half.

Werder's first goal was tallied by insider Frank Neubarth in the 41st minute. He kicked home from an angled position.

As the Neapolitan defense was settling at the beginning of the second half, Werder struck again with centerforward Hart Heinz Riedle. Riedle headed in the second goal in the 46th minute.

The Brazilian duo of Alemão and Antonio Careca orchestrated Napoli's comeback. Alemão, a midfielder, made it 2-1 in the 51st minute, on an assist by Maradona.

Careca used the tip of his left shoe to divert into the net a header



Franz Weber of Rapid Vienna, left, and Dany Boffin of F.C. Liege battling for the ball in their snowy match Wednesday in Vienna.

## EUROPEAN SOCCER

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## Journeyman Mitchell Wins NL MVP After a Storied 'Willie Mays' Season

The Associated Press

NEW YORK — Kevin Mitchell has been named the Most Valuable Player of the National League after a season that conjured up memories of Willie Mays and erased memories of two teams that didn't want him.

Mitchell, 27, of the San Francisco Giants, who led major league baseball with 47 home runs and 125 runs batted in, received 20 of 24 first-place votes cast by members of the Baseball Writers' Association of America from each National League city.

He had 314 points to 225 for runner-up Willie Clark of the Giants, who had three first-place votes. The other first-place vote went to Pedro Guerrero of the St. Louis Cardinals, who was third with 190 points. Rounding out the top five were Ryne Sandberg of Chicago with 157 points and Howard Johnson of the New York Mets with 153.

Mitchell batted .291 and scored 100 runs last season. He hit home runs in the Giants' first two games of the season and did not stop, rapidly becoming the most feared hitter in baseball.

His homer, were the most by a Giant since Mays hit 52 in 1965. Unlike Mays, however, Mitchell has been a sometimes unhappy journeyman in the major leagues, until now.

Mitchell said he was "shocked and surprised" when he was traded from New York to San Diego after the Mets won the World Series in 1986, but at least he was returning home.

Halfway through the 1987 season, however, Mitchell was told to pack again, this time for San Francisco.

"Getting traded again hurt a lot," Mitchell said. "I thought the Padres got me because they needed me and would keep me for a long time."

Dynamo played most of the game with only 10 players following the expulsion of forward Ivan Jaramack, who was sent off in the 35th minute for kicking Baggio.



Kevin Mitchell

Not since Brooklyn's Dolph Camilli in 1941, had a player been traded twice before becoming the National League most valuable player.

It appears that Mitchell has a stable baseball home now.

He and Clark are the 22nd set of teammates to finish 1-2 in the voting. The last time it happened was in the American League when Cal Ripken and Eddie Murray of Baltimore were 1-2 in 1983. The last time it happened in the NL was 1976 when Joe Morgan and George Foster of Cincinnati took the top two spots.

Mitchell is the third San Francisco Giant to win the award. Mays won in 1965 and Willie McCovey in 1969.

By the All-Star break this year, Mitchell had 31 home runs and 81 runs batted in and was second in

All-Star fan balloting to Clark. In the second half, opponents picked around Mitchell, especially while the Giants struggled to find a No. 5 batter to hit behind their cleanup man.

Yet, by Aug. 9, Mitchell had gotten to 100 RBIs faster than anyone since Don Baylor reached the mark on Aug. 8, 1979. Mitchell's RBIs were tops in San Francisco since McCovey's 126 in 1970.

Mitchell drew 32 intentional walks, a major-league record for a right-handed batter (McCovey got 45 in 1969).

Mitchell also led the major leagues with 345 total bases and 87 extra-base hits (34 doubles, six triples).

In left field, Mitchell was adequate. He did, however, make all the highlight films in midseason with a running, bare-handed catch on a foul ball hit by Vince Coleman.

Mitchell, though, made his reputation with his hitting. He joined Mike Schmidt, Andre Dawson and Dale Murphy as the only National League players to hit 40 home runs this decade, and had six multi-homer games this season.

In 1988, his first in which he moved full-time to the outfield, Mitchell gave no indication he would become such a productive player. He hit 19 home runs and drove in 80 runs while batting .251.

Mitchell and Clark were rookies in 1986, one of the most talented crops ever. That class also included Jose Canseco, Wally Joyner, Ruben Sierra, Todd Worrell, Danny Tartabull and Barry Larkin.

Mitchell helped the Mets win the World Series in 1986, playing third base and the outfield and batting .277 with 12 home runs and 43 RBIs in part-time duty. Mitchell singled with two outs and scored the tying run in New York's dramatic, 10th-inning rally against Boston in Game 6.

But because of his rough childhood, Mitchell was viewed by the Mets' management as a negative influence in the clubhouse. Mitchell grew up on the streets of San Diego, had a brother killed in a gang shootout and still has scars from a shotgun blast to the back.

## SCOREBOARD

## BASKETBALL

## NBA Standings

## EASTERN CONFERENCE

## Atlantic Division

Team	W	L	Pct	GB
New York	6	3	.667	0
Boston	4	5	.444	2
Washington	4	6	.400	3
Philadelphia	4	6	.400	3
Atlanta	4	7	.364	4
New Jersey	4	6	.333	5

## Central Division

Team	W	L	Pct	GB
Indiana	3	4	.429	0
Detroit	4	4	.400	0
Albuquerque	4	4	.500	1
Chicago	4	4	.500	1
Atlanta	4	4	.500	1
Cleveland	4	4	.500	1
Orlando	4	4	.500	1

## WESTERN CONFERENCE

## Midwest Division

Team	W	L	Pct	GB
Utah	4	3	.571	0
Denver	4	4	.500	1
San Antonio	4	4	.500	1
Houston	4	4	.500	1
Dallas	4	4	.500	1
Charlotte	2	7	.222	5
Minnesota	2	8	.200	6

## Pacific Division

Team	W	L	Pct	GB
L.A. Lakers	8	1	.889	0
Portland	8	3	.727	1
Seattle	6	4	.600	3
Phoenix	4	4	.500	5
Sacramento	3	6	.333	5
L.A. Clippers	3	6	.333	5
Golden State	2	7	.222	6

## TUESDAY'S RESULTS

Team	W	L	Pct	GB
Milwaukee	3	6	.333	5
Washington	2	7	.222	6
Phoenix	1	8	.111	7
Atlanta	1	8	.111	7
Charlotte	1	8	.111	7
Orlando	1	8	.111	7
Golden State	1	8	.111	7

## NBA Leaders

## Points

Team	W	L	Pct	GB
Phoenix	7	1	.875	0
Denver	7	1	.875	0
Atlanta	7	1	.875	0
Orlando	7	1	.875	0
Seattle	7	1	.875	0
Phoenix	7	1	.875	0
Sacramento	7	1	.875	0
L.A. Clippers	7	1	.875	0
Golden State	7	1	.875	0

## Rebounds

Team	W	L	Pct	GB
Phoenix	7	1	.875	0
Denver	7	1	.875	0
Atlanta	7	1	.875	0
Orlando	7	1	.875	0
Seattle	7	1	.875	0
Phoenix	7	1	.875	0
Sacramento	7	1	.875	0
L.A. Clippers	7	1	.875	0
Golden State	7	1	.875	0

## Assists

Team	W	L	Pct	GB
Phoenix	7	1	.875	0
Denver	7	1	.875	0
Atlanta	7	1	.875	0
Orlando	7	1	.875	0
Seattle	7	1	.875	0
Phoenix	7	1	.875	0
Sacramento	7	1	.875	0
L.A. Clippers	7	1	.875	0
Golden State	7	1	.875	0

## BASEBALL

## National League MVPs

## 1989 — Kevin Mitchell, San Francisco; 1988 — Kirk Gibson, Los Angeles; 1987 — Andre Dawson, Chicago; 1986 — Mike Schmidt, Philadelphia; 1985 — Steve Carlton, St. Louis; 1984 — Ryne Sandberg, Chicago; 1983 — Dale Murphy, Atlanta; 1982 — Dale Murphy, Atlanta; 1981 — Mike Schmidt, Philadelphia; 1980 — Mike Schmidt, Philadelphia; 1979 — Mike Schmidt, Philadelphia; 1978 — Mike Schmidt, Philadelphia; 1977 — Mike Schmidt, Philadelphia; 1976 — Mike Schmidt, Philadelphia; 1975 — Mike Schmidt, Philadelphia; 1974 — Mike Schmidt, Philadelphia; 1973 — Mike Schmidt, Philadelphia; 1972 — Mike Schmidt, Philadelphia; 1971 — Mike Schmidt, Philadelphia; 1970 — Mike Schmidt, Philadelphia; 1969 — Mike Schmidt, Philadelphia; 1968 — Mike Schmidt, Philadelphia; 1967 — Mike Schmidt, Philadelphia; 1966 — Mike Schmidt, Philadelphia; 1965 — Mike Schmidt, Philadelphia; 1964 — Mike Schmidt, Philadelphia; 1963 — Mike Schmidt, Philadelphia; 1962 — Mike Schmidt, Philadelphia; 1961 — Mike Schmidt, Philadelphia; 1960 — Mike Schmidt, Philadelphia; 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